Supreme Court, U. S.
FILED
DEC 21 1976
MICHAEL RODAK, JR., CLERK

APPENDIX

IN THE
Supreme Court of the United States
OCTOBER TERM, 1976

No. 75-1771

COMMISSIONER OF INTERNAL REVENUE,
Petitioner

—v.—

STANDARD LIFE & ACCIDENT INSURANCE COMPANY

ON WRIT OF CERTIORARI TO THE UNITED STATES
COURT OF APPEALS FOR THE TENTH CIRCUIT

PETITION FOR A WRIT OF CERTIORARI FILED JUNE 4, 1976
CERTIORARI GRANTED OCTOBER 4, 1976

IN THE

Supreme Court of the United States

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TAX COURT OF THE UNITED STATES
GENERAL DOCKET

Docket No. 4132-71

STANDARD LIFE AND ACCIDENT INSURANCE COMPANY, 421 N.W. 13th Street, Oklahoma City, Okla, 73103, (T. A. Surdick, Vice President), PETITIONER,

vs.

COMMISSIONER OF INTERNAL REVENUE, RESPONDENT.

APPEARANCES FOR PETITIONER: Gene A. Castleberry, Castleberry & Lisle, 1100 City National Bank Tower, Oklahoma City, Okla., 73102.

Date Month Day Year	Filings and Proceedings
June 18, 1971	PETITION FILED: FEE PAID June 18, 1971. Served: June 22, 1971.
June 18, 1971	REQUEST by Petr. for trial at Oklahoma City, Okla. Action: GRANTED June 22, 1971. Served: June 22, 1971.
Aug. 20, 1971	MOTION by Resp. to extend time to Oct. 22, 1971 within which to file Answer. Action: GRANTED Aug. 25, 1971. Served: Aug. 25, 1971.
Oct. 12, 1971	ANSWER filed by Resp. Served: Oct. 13, 1971.
Aug. 3, 1973	Notice of Trial at Oklahoma City, Okla. on Nov. 5, 1973. Served: Aug. 3, 1973.
Nov. 5, 1973	TRIAL at Oklahoma City, Okla. before Judge Goffe. Stip of facts with exhibits A thru L. Supplemental Stip of facts. ORIGINAL BRIEFS DUE: Jan. 4, 1974. REPLY BRIEFS DUE: Feb. 20, 1974. SUBMITTED: JUDGE GOFFE.
Nov. 21, 1973	TRANSCRIPT of Nov. 5, 1973 rec'd.

Date			Filings and Proceedings
Month	Day	Year	

Dec. 20, 1973 JOINT MOTION to extend time to Feb. 4, 1974 within which to file brief. Action: GRANTED Dec. 28, 1973. Served: Jan. 2, 1974.

Jan. 28, 1974 JOINT MOTION to extend time to February 19, 1974 within which to file Briefs. Action: GRANTED Jan. 29, 1974. Served: Jan. 30, 1974.

Feb. 1. 1974 JOINT MOTION FOR LEAVE TO FILE Amendment to Stipulation of Facts. (Amendment to Stipulation of Facts Lodged). Action: GRANTED Feb. 6, 1974. Served: Feb. 7, 1974.

Feb. 6, 1974 AMENDMENT TO STIPULATION OF FACTS FILED.

Feb. 19, 1974 BRIEF for Resp. filed.

Feb. 22, 1974 MOTION by Petr. to extend time to March 5, 1974 within which to file brief. (No Obj. Resp.). Action: GRANTED Feb. 26, 1974. Served: Feb. 26, 1974.

March 7, 1974 BRIEF for Petitioner filed. (timely post-marked). Served: Mar. 7, 1974.

April 22, 1974 REPLY BRIEF for Respondent filed. Served: Apr. 23, 1974.

Apr. 23, 1974 REPLY BRIEF for Petr. filed. T.P. Served: Apr. 23, 1974.

April 25, 1974 ORDER that this case is reassigned from Judge Goffe to Judge Norman O. Tietjens for disposition. Served: Apr. 25, 1974.

Sept. 18, 1974 MEMORANDUM OPINION filed, Judge Tietjens. Decision will be entered for the respondent. Served: Sep. 18, 1974.

Sept. 20, 1974 DECISION entered, Judge Tietjens. Served: Sept. 20, 1974.

Date			Filings and Proceedings
Month	Day	Year	

APPELLATE PROCEEDINGS

Dec. 12, 1974 NOTICE of Appeal to U.S.C.A., 10th Cir., filed by Petr. Served: Dec. 13, 1974.

Dec. 13, 1974 NOTICE OF Filing with copy of notice of appeal sent to Mr. Meade Whitaker, Chief Counsel. Served: Dec. 13, 1974.

Dec. 13, 1974 NOTICE, to parties, of assembling and date for transmission of the record. Served: Dec. 13, 1974.

Dec. 13, 1974 Certified copy of notice of appeal mailed to Clerk, 10th Cir.

UNITED STATES TAX COURT

Docket No. 4132-71

[Filed June 18, 1971, 11:45 A.M., United States Tax Court]

STANDARD LIFE AND ACCIDENT INSURANCE COMPANY, PETITIONER

v.

COMMISSIONER OF INTERNAL REVENUE, RESPONDENT

PETITION

The above named petitioner hereby petitions for a redetermination of the deficiency set forth by the Commissioner of Internal Revenue in his notice of deficiency dated March 11, 1971, and as a basis for its case alleges as follows:

1. The petitioner is a corporation organized under the laws of the State of Oklahoma with its principal place of business at 421 Northwest 13th Street, Oklahoma City, Oklahoma. The returns for the periods involved were filed with the District Director of the Internal Revenue, Oklahoma City, Oklahoma.

2. The notice of deficiency, a copy of which is attached and marked Exhibit A, was mailed to the petitioner March 11, 1971.

3. The deficiency, as determined by the Commissioner, is for income tax and penalties for the following years, in the following amounts:

Tax Year Ended	Deficiency	Sec. 6653(a) Penalty
December 31, 1958	$25,974.93	$1,298.75
December 31, 1959	90,647.02	4,532.35
December 31, 1961	34,986.04	1,749.30

4. The determination of tax and penalty set forth in said notice of deficiency is based on the following errors:

(a) The Commissioner erred in refusing to allow the petitioner to exclude deferred and uncollected premiums from income or, alternatively, to take into account the increase (decrease) in loading on deferred and uncollected premiums as deductions (income) in the amounts and for the years indicated in computing its life insurance company taxable income:

1958	$65,308	1960	$(140,372)
1959	301,252	1961	72,139

(b) The Commissioner erred in refusing to allow the petitioner its claimed deductions for amortization of the cost of acquired business, as follows:

Acquired from	Date	Cost
United Founders Life Ins. Co.	10/31/57	$219,524.21
Commonwealth Life Ins. Co.	4/ 1/58	247,098.22
Great Western Life Ins. Co.	10/ 1/60	77,280.29

(c) The Commissioner erred in refusing to allow the petitioner to exclude from assets, within the meaning of 1954 Code Section 805(b)(4), the following items and amounts for the years indicated:

Item	1957	1958	1959	1960	1961
Deferred & uncollected premiums	$621,413	$834,331	$1,314,987	$1,570,193	$1,572,763
Due & unpaid premiums	118,047	266,323	253,318	232,651	231,969
Agent's balances	116,708	170,945	215,306	329,381	409,003

(d) The Commissioner erred in determining that any portion of the asserted deficiency was due to negligence or the intentional disregard of federal income tax laws.

5. The facts upon which the petitioner relies are as follows:

(a) Petitioner is a stock life insurance company organized and existing under the laws of the State of Oklahoma. Its operations and accounts are subject to the supervision and approval of the Insur-

ance Commissioner of the State of Oklahoma and, because it does business in numerous states, it is subject to periodic audit of its accounts by the National Association of Insurance Commissioners ("NAIC"), which acts on behalf of the insurance departments of the various states.

In life insurance, premiums are the agreed price for assuming and carrying the risk. The gross premium is the amount actually charged the insured and is composed of the net valuation premium and "loading." The net valuation premium on a particular policy is that amount of money which, using the mortality table and interest rate assumed for the policy, will be exactly sufficient to provide the benefits of the policy and is required by state law to be added to the policy reserve each year. "Loading" refers to an amount added to the net valuation premium for estimated acquisition, administration, management, and operating expenses, contingencies, profits in the case of capital stock companies, and dividends in the case of mutual companies. The amount of "loading" results from an independent judgment of each particular company and may vary from company to company. Policyholders may pay premiums in semiannual, quarterly, or monthly installments. An additional amount is added when an installment method of paying the premium is elected.

"Deferred and uncollected premiums" are the premiums on policies with premiums payable more often than annually which become due after December 31 of the calendar year and before the next policy anniversary date.

"Due and unpaid premiums" are premiums which are due to be paid before the end of the year, but which have not been paid by December 31. As required by law, all policies provide for a 31-day grace period or longer for the payment of premiums after their due date, durirg which period the policy is carried in full force and effect.

In the case of accident and health insurance policies (hereinafter referred to as "A&H policies") there is no monetarily significant portion of the premium allocable to contingencies beyond the term covered by the premium. The periodic premium payments on A&H policies are for the ensuing period represented by the premium paid (whether monthly, quarterly, or semiannually). Each premium amount, paid in advance, is designed and calculated to cover the risk for the period insured. To illustrate: a typical whole life policy reserve must provide for the inevitability of the insured's death. In addition to the possibility that the insured may die within the current policy year, there is the certainty that he will die someday. Therefore, the current premium and the established reserve must provide for both the current possibility and the future certainty. In the case of an A&H premium, only the current possibility is of real consequence and that is covered by the premium which is paid in advance. This is evidenced by the fact that only an "unearned premium reserve" is established for A&H policies. The unearned premium reserve is comprised of A&H premium payments received for future periods of coverage. Thus, as an insured is currently protected under a policy, the current portion of his premium becomes "earned" and is subtracted from the unearned premium reserve.

Further, the loading and risk factors are not separately computed in advance. This is primarily due to the fact that morbidity tables showing the frequency of accident and sickness claims are not nearly as precise as mortality tables showing life expectancy. An insurance company can only roughly project the claims which will occur in A&H business. Consequently, the company is not able to determine in advance the portion of the A&H premium which represents the risk element and is, therefore, unable to determine that portion attributable to loading. Rather, the practice is to review the block of

A&H business periodically and to make the determination of what portion, if any, of the A&H premiums which have been received may be available for overhead and profit.

Therefore, for purposes of distinguishing types of premiums involved, "deferred and uncollected" premiums will refer to life policy premiums whether, technically "deferred and uncollected" or "due and unpaid." The "due and unpaid" designation will refer to A&H premiums which are past due but within the grace period at the close of the petitioner's taxable (calendar) year.

There is no obligation, legal or otherwise, on an insured to pay to the insurer deferred and uncollected or due and unpaid premiums. If the policyholder does not pay the premium in conformity with the provisions of the policy, the policy is lapsed after the grace period and appropriate adjustments are made.

Petitioner was required by the State of Oklahoma and by the NAIC to compute its reserves on the great majority of its life insurance policies on the assumption that premiums were paid up one year in advance on each anniversary date commencing with the issuance date of the policy, even though premiums were not usually paid in this manner. The reserves so computed were reflected as a liability of petitioner and, as required by the Internal Revenue Code of 1954, as amended by the Life Insurance Company Income Tax Act of 1959, were taken into account in the computations required under sections 805 and 809 on the Federal income tax returns filed by petitioner for the taxable years 1958 to 1961, inclusive.

The NAIC annual statement treats deferred and uncollected premiums on a net basis. Item 17, on the assets page of the balance sheet, calls for the statement of "Life Insurance premiums and annuity considerations deferred and uncollected" on a net premium basis. Exhibit 13 of the annual statement, which gives the detail of the assets, sets forth de-

ferred and uncollected premiums on a net basis. It provides for a memorandum account to show the amount of loading excluded from the deferred and uncollected premiums. Item 16 of the liabilities page of the balance sheet calls for a statement of the "'Cost of collection' on premiums and annuity considerations deferred and uncollected in excess of total loading thereon." As required by the NAIC annual statement, petitioner's annual statements showed net premiums deferred and uncollected as an asset. Also in conformity with the form, petitioner's annual statement did not show loading as an asset.

In the summary of operations contained in the NAIC annual statements, line 1.1, "Premiums and annuity considerations," includes deferred and uncollected premiums on a gross basis. It (line 1.1) provides for the inclusion of such premiums at gross to be added to gross premiums collected during the year less deferred and uncollected premiums at gross as of the end of the previous year. Line 17, which is the "Increase in aggregate reserve for policies and contracts with life contingencies," removes from income the net portion of the deferred and uncollected premiums. Line 25 provides for the deduction of the increase in loading on deferred and uncollected premiums and also for the deduction of cost of collection of premiums in excess of loading on deferred and uncollected premiums. In determining net gain from operations, lines 8 through 26A of the Summary of Operations list various allowable deductions, including the deduction in line 25 for increase in loading on deferred and uncollected premiums. This deduction was claimed by petitioner on its Federal income tax returns in determining its net gain from operations. Exclusive of increases in loading, the petitioner deducted all expenses actually paid or incurred each year on its NAIC annual statements and Federal income tax returns.

(b) Life insurance company taxable income, as defined in section 802(b), has three components:

(1) the smaller of "taxable investment income" or the "gain from operations" (commonly called "Phase One");

(2) 50% of the excess, if any, of gain from operations over taxable investment income (commonly called "Phase Two"); and

(3) the amount paid out or distributed to shareholders from the policyholders' surplus account or voluntarily segregated in the shareholders' surplus account (commonly called "Phase Three").

(c) The adjustments complained of in paragraph 4(a), *supra*, relate to the computation under Phase Two, the question being whether the "deferred and uncollected" and "due and unpaid" premiums (or at least the "loading" portion of the former) are excludable from the computation of gain from operations under section 809(c) or are deductible from that computation under section 809(d).

(d) The adjustment complained of in paragraph 4(c), *supra*, relates to the computation under Phase One, the question being whether the "deferred and uncollected" and "due and unpaid" premiums (or at least the loading portion of the former) are excludible from the assets of the petitioner in the immediate determination of the petitioner's current earnings rate and the ultimate determination of and effect on the petitioner's share of investment income. The third item of adjustment in paragraph 4(c), *supra*, the adjustment for "Agents' balances", is a part of the Phase One computation as well if it qualifies as a non-insurance business asset. "Agents' balances" is the bookkeeping entry showing the amounts advanced to insurance agents on the basis of commissions to be earned (hopefully) on the sale of insurance policies or for reimbursable travel or equipment expenses. If an agent stopped selling insurance for the petitioner, the petitioner wrote off the amount of that particular agent's advance or expectant commission payments (i.e., that agent's

balance) as a bad debt because of the practical problem that, in the aggregate, the cost of collection would exceed the amount of the recovery.

As with "deferred and uncollected" and "due and unpaid" premiums, the question under Phase One is whether this account constitutes an asset of the petitioner to be included in the determination of the petitioner's share of investment income.

(e) The final adjustment complained of, paragraph 4(b), *supra* relates to the failure of the Commissioner to allow the petitioner to amortize the cost of certain blocks of insurance policies purchased from three separate and independent life insurance companies. These blocks of business had ascertainable lives at the time of acquisition, their purchase constituted capital expenditures, and their cost, therefore, was properly amortizable.

(f) The Commissioner asserted the 5% penalty under section 6653(a). All of the issues between the parties are valid, vital, industry problems upon which courts have divided and none have been finally resolved. The imposition of the penalty is totally unwarranted.

6. The determinations complained of as made by the Commissioner were erroneous, illegal, and capricious, and were not based on fact. The deficiencies asserted are incorrect. Rather, the petitioner has overpaid its tax in each year for which a deficiency was asserted.

WHEREFORE, the petitioner prays that the Court try this case, hearing the proceeding and:

1. Determine that the Commissioner erred as alleged in each assignment of error set forth in paragraph 4, *supra*;

2. Determine that there are no deficiencies in tax properly assessable against the petitioner for the years 1958, 1959 and 1961; and

3. Determine that the petitioner has overpaid its tax in each of the years 1958, 1959, and 1961; and

4. Grant the petitioner the recovery of its costs; and

5. Give such other and further relief as the Court may deem fit and proper.

ADMITTED U.S. TAX COURT

/s/ Gene A. Castleberry
GENE A. CASTLEBERRY
Attorney for Petitioner
1911 Liberty Bank Building
Oklahoma City, Oklahoma
73102

UNITED STATES TAX COURT

[Filed 1971 Oct. 12, p.m. 3:57]

Docket No. 4132-71

STANDARD LIFE AND ACCIDENT INSURANCE COMPANY, PETITIONER

v.

COMMISSIONER OF INTERNAL REVENUE, RESPONDENT

ANSWER

THE RESPONDENT, in answer to the petition filed in the above-entitled case, admits, denies and alleges as follows:

1. Admits the allegations of paragraph 1 of the petition.

2. Admits that the notice of deficiency was mailed to the petitioner on March 11, 1971; denies the remaining allegations of paragraph 2 of the petition.

3. Admits the allegations of paragraph 3 of the petition; alleges that all of such amounts are in dispute.

4. (a) to (d), inclusive. Denies that the respondent erred as alleged in subparagraphs (a) to (d), inclusive, of paragraph 4 of the petition.

5. (a) Admits the allegations of subparagraph (a) of paragraph 5 of the petition.

TEN UNNUMBERED PARAGRAPHS FOLLOWING SUBPARAGRAPH (a) OF PARAGRAPH 5. Denies the allegations of the ten unnumbered paragraphs following subparagraph (a) of paragraph 5 of the petition.

(b) (1) to (3), inclusive. Denies the allegations of subparagraph (b) of paragraph 5 and subparagraphs (1) to (3), inclusive, of subparagraph (b) of paragraph 5 of the petition.

(c) and (d) Denies the allegations of subparagraphs (c) and (d) of paragraph 5 of the petition.

UNNUMBERED PARAGRAPH FOLLOWING SUBPARAGRAPH (d) OF PARAGRAPH 5. Denies the allegations of the unnumbered paragraph following subparagraph (d) of paragraph 5 of the petition.

(e) Denies the allegations of subparagraph (e) of paragraph 5 of the petition.

(f) Admits that the Commissioner asserted the five percent penalty under section 6653(a); denies the remaining allegations of subparagraph (f) of paragraph 5 of the petition.

6. Denies the allegations of paragraph 6 of the petition.

7. Denies generally each and every allegation of the petition not hereinbefore specifically admitted, qualified or denied.

WHEREFORE, it is prayed that the deficiencies determined by the respondent be in all respects approved.

/s/ K. Martin Worthy JCH
K. MARTIN WORTHY
Chief Counsel
Internal Revenue Service

OF COUNSEL:

W. B. RILEY
Regional Counsel

THOMAS J. MILLER
Attorney

Internal Revenue Service
P. O. Box 1903
Oklahoma City, Oklahoma 73101

UNITED STATES TAX COURT

[Filed Nov. 5, 1973]

Docket No. 4132-71

STANDARD LIFE AND ACCIDENT INSURANCE COMPANY, PETITIONER

v.

COMMISSIONER OF INTERNAL REVENUE, RESPONDENT

STIPULATIONS

IT IS HEREBY STIPULATED AND AGREED by and between the parties to this action, through their respective counsel, that the following facts shall be taken as true and correct, and that no further proof thereof need be made, it being agreed and understood that this stipulation shall be without prejudice to the right of either party to introduce additional evidence not inconsistant with the facts herein stipulated. The parties agree to the competence of the Stipulations and Exhibits but not necessarily to their materiality or relevance.

1. The Petitioner is, and at all times material hereto has been, a life insurance company as defined in section 801(a) of the Internal Revenue Code of 1954, with its home office and principal place of business in Oklahoma City, Oklahoma.

2. Attached hereto as Exhibits A, B, C, and D are copies of the Federal income tax returns for the years 1958, 1959, 1960, and 1961, respectively, which were timely filed, pursuant to extensions, by the Petitioner on or about the dates shown on the returns.

3. Attached as Exhibits E, F, G, and H are copies of the Annual Statements for 1958, 1959, 1960, and 1961, respectively, which were filed by the Petitioner with the insurance departments of each state in which it did business.

4. Attached as Exhibit I is a copy of the Statutory Notice of Deficiency, dated March 11, 1971.

5. Petitioner is a stock life insurance company organized and existing under the laws of the State of Oklahoma. Its operations and accounts are subject to the supervision and approval of the Insurance Commissioner of the State of Oklahoma and, because it does business in numerous states, it is subject to periodic audit of its accounts by the National Association of Insurance Commissioners ("NAIC"), which acts an behalf of the Insurance departments of the various states.

6. In life insurance, premiums are the agreed price for assuming and carrying the risk. The gross premium is the amount actually charged the insured and is composed of the net valuation premium and "loading." The net valuation premium on a particular policy is that amount of money which, using the mortality table and interest rate assumed for the policy, will be exactly sufficient to provide the benefits of the policy and is required by state law to be added to the policy reserve each year. "Loading" refers to an amount added to the net valuation premium for estimated acquisition, administration, management, and operating expenses, contingencies, profits in the case of capital stock companies, and dividends in the case of mutual companies. The amount of "loading" results from an independent judgment of each particular company and may vary from company to company. Policyholders may pay premiums in semiannual, quarterly, or monthly installments. An additional amount is added when an installment method of paying the premium is elected.

7. "Deferred premiums" are the premiums on policies with premiums payable more often than annually which become due after December 31 of the calendar year and before the next policy anniversary date.

8. "Due and unpaid premiums" or "uncollected premiums" are premiums which are due to be paid before the end of the year, but which have not been paid by December 31. As required by law, all policies provide for a 31-day grace period or longer for the payment of

premiums after their due date, during which period the policy is carried in full force and effect.

9. For purposes of distinguishing types of premiums involved, "deferred & uncollected" premiums will refer to life policy premiums, whether technically "deferred", "uncollected", or "due & unpaid." The "due & unpaid" designation will refer to A&H premiums which are past due but within the grace period at the close of the petitioner's taxable (calendar) year.

10. There is no obligation, legal or otherwise, on an insured to pay to the insurer deferred & uncollected or due & unpaid premiums. If the policyholder does not pay the premium in conformity with the provisions of the policy, the policy is lapsed after the grace period and appropriate adjustments are made.

11. Petitioner was required by the State of Oklahoma and by the NAIC to compute its reserves on the great majority of its life insurance policies on the assumption that premiums were paid up one year in advance on each anniversary date commencing with the issuance date of the policy, even though premiums were not usually paid in this manner. The reserves so computed were reflected as a liability of petitioner and, as required by the Internal Revenue Code of 1954, as amended by the Life Insurance Company Income Tax Act of 1959, were taken into account in the computations required under sections 805 and 809 on the Federal income tax returns filed by petitioner for the taxable years 1958 to 1961, inclusive.

12. The increases (decrease) in loading for each of the years involved was as follows:

1958	—	$ 65,308
1959	—	301,252
1960	—	(140,372)
1961	—	72,139

13. The deferred & uncollected (including loading), due & unpaid (including loading), and agents' debit balances were as follows:

	Deferred & uncollected premiums	Due & unpaid premiums	Agents' debit balances
1957*	$ 621,413	$118,047	$116,708
1958	834,331	266,323	170,945
1959	1,314,987	253,318	215,306
1960	1,570,193	232,651	329,381
1961	1,572,763	231,969	409,003

(*The 1957 figures are shown in order to show the increases during 1958.)

* * * *

Respectfully submitted,

/s/ Gene A. Castleberry
Counsel for Petitioner

/s/ Meade Whitaker
MEADE WHITAKER
Chief Counsel
Internal Revenue Service

UNITED STATES TAX COURT

Docket No. 4132-71

[Filed Feb. 6, 1974, United States Tax Court]

STANDARD LIFE AND ACCIDENT INSURANCE COMPANY, PETITIONER

v.

COMMISSIONER OF INTERNAL REVENUE, RESPONDENT

AMENDMENT TO STIPULATION OF FACTS

It is hereby stipulated and agreed that the stipulations filed by the parties on November 5, 1973 be amended by adding the following new paragraph:

22. In the event that the Court determines that there is a deficiency due from petitioner in any of the years in controversy, the parties agree that the addition to the tax provided by *Int. Rev. Code of 1954*, § 6653(a) shall be applicable to that deficiency.

MEADE WHITAKER
Chief Counsel
Internal Revenue Service

By: /s/ Walter O. Johnson
WALTER O. JOHNSON
Assistant Regional Counsel
P.O. Box 1903
Oklahoma City, Okla. 73101
Tel. No. (405) 231-4921

/s/ Gene A. Castleberry
GENE A. CASTLEBERRY
Counsel for Petitioner
1100 City National Bank Tower
Oklahoma City, Oklahoma 73102
Tel. No. (405) 236-5311

Date: January 29, 1974

UNITED STATES TAX COURT
WASHINGTON

Docket No. 4132-71

STANDARD LIFE AND ACCIDENT INSURANCE COMPANY, PETITIONER

v.

COMMISSIONER OF INTERNAL REVENUE, RESPONDENT

DECISION

Pursuant to the determination of the Court, as set forth in its Memorandum Opinion, filed September 18, 1974, it is

ORDERED AND DECIDED: That there are deficiencies in and additions to petitioner's income taxes as follows:

Year	Deficiency	Section 6653(a) Additions to Tax
1958	$25,974.93	$1,298.75
1959	90,647.02	4,532.35
1961	34,986.04	1,749.30

/s/ Norman O. Tietjens
NORMAN O. TIETJENS
Judge

Entered: Sept. 20, 1974 Served: Sept. 20, 1974

UNITED STATES TAX COURT

Docket No. 4132-71

[Filed Dec. 12, 1974, 3:47 P.M., United States Tax Court]

STANDARD LIFE AND ACCIDENT INSURANCE COMPANY, PETITIONER

v.

COMMISSIONER OF INTERNAL REVENUE, RESPONDENT

NOTICE OF APPEAL

Notice is hereby given that the petitioner hereby appeals to the United States Court of Appeals for the Tenth Circuit from the decision of this court entered in the above captioned proceeding on the 20th day of September, 1974, relating to the deficiencies determined against the petitioner for the years 1958, 1959, and 1961.

/s/ Gene A. Castleberry
GENE A. CASTLEBERRY
Castleberry and Lisle
1100 City National Bank Tower
Oklahoma City, Oklahoma 73102
(405) 236-5311
Attorney for Petitioner

Served Dec. 13, 1974

Form 1120 L
U.S. Treasury Department
Internal Revenue Service

U.S. LIFE INSURANCE COMPANY INCOME TAX RETURN

FOR CALENDAR YEAR 1958

1958

Do not write in space below

Serial No. C 501

PLEASE TYPE OR PRINT PLAINLY

STANDARD LIFE AND ACCIDENT INSURANCE COMPANY

Address (Number, street, city or town, postal zone number, State)
421 N. W. 13th Street, Oklahoma City, Oklahoma

a. Date and place incorporated
January 19, 1929 - Oklahoma

b. Employer's identification number
73-0289726

c. Amount of total depreciation claimed for current year
$40,792

d. Amount of total insurance liabilities as defined in Sec. 819(b)(2)
- 0 -

e. Amount of total depreciable assets
$882,671

f. Is this a consolidated return? (If "Yes," see Instruction M.)
☐ Yes ☒ No

g. Do you have any variable annuity contracts outstanding? (If "Yes," see section 801(g).)
☐ Yes ☒ No

h. Are you a burial or funeral benefit insurance company, engaged directly in the manufacture of funeral supplies or in the performance of funeral services? (If "Yes," see section 801(j).)
☐ Yes ☒ No

i. Did you file Forms 1096 and 1099 for the calendar year in connection with taxable dividends? (See General Instruction H.)
☒ Yes ☐ No

j. Did you file Forms 1096 and 1099 for the calendar year in connection with other payments? (See General Instruction H.)
☒ Yes ☐ No

LIFE INSURANCE COMPANY TAXABLE INCOME

TENTATIVE ALLOWANCE
AMT. $44,193.66
Initials
SCH. CB 62 / 62
No.

1. (a) The taxable investment income (Schedule C)	80,711	
(b) The gain from operations (Schedule E)	139,174	
(c) The smaller of (a) or (b)		80,711
2. 50 percent of the excess, if any, of (b) over (a)		29,232
3. Life insurance company taxable income (total of lines 1(c) and 2)		109,943

Agreement under Sec. 712, Internal Revenue Code of 1954 - years affected 1958, 1959, 1960
Closing agreement attached to return for Refund Period Barred 1961.11

COMPUTATION OF TAX DUE OR REFUND

REMITTANCE

73 DEC 15 1959
DIRECTOR INT REV
OKLAHOMA CITY
TELLER - #1

4. If amount of line 3 is:		
(a) Not over $25,000—		
Enter 30 percent of line 3 (32 percent if a consolidated return)		
(b) Over $25,000—		
Enter 52 percent of line 3 (54 percent if a consolidated return)	57,170.36	
Subtract $5,500, and enter difference	5,500.00	51,670.36
5. Less: Credit allowed a domestic corporation for income taxes paid to a foreign country or United States possession (Submit Form 1118)		
6. Total income tax (line 4 less line 5)		51,670.36
7. Credits for amounts paid on 1958 income tax:		
(a) Tax paid with application for extension of time in which to file		
(b) Payments and credits on 1958 Declaration of Estimated Tax		
8. If tax (line 6) is larger than payments (line 7), the balance is **TAX DUE.** Enter such balance here →		51,670.36
Interest to 12/15/59		775.06
9. If payments (line 7) are larger than tax (line 6) →		52,445.42
10. Enter amount of line 9 you want: Credited on 1959 estimated tax		52,445.42
Refunded		

SIGNATURE AND VERIFICATION (See Instruction E)

I declare under the penalties of perjury that this return (including any accompanying schedules and statements) has been examined by me and to the best of my knowledge and belief is a true, correct, and complete return. If the return is prepared by a person other than the taxpayer, his declaration is based on all the information relating to the matters required to be reported in the return of which he has knowledge.

12/14/59 (Date) — (Signature of officer) — President (Title)

12/14/59 (Date) — Martin F. Bednar (Individual or firm signature) — BEDNAR AND PERCIVAL, CERTIFIED PUBLIC ACCOUNTANTS, LIBERTY BANK BUILDING, OKLAHOMA CITY 2, OKLAHOMA

CORPORATE SEAL

Int on 51,670.36 from 9-15-59 to 12-15-59 = 775.06

FORM 1120 L—1958

[EXHIBIT A]

SCHEDULE A.—INVESTMENT YIELD (See Instructions)

Line and Instruction No. — Gross Investment Income (Section 804(b))	1. Interest Received	2. Accrual of Discount	3. Amortization of Premium	4. Total (In Case of Line 1, Column 1 Plus Column 2 Less Column 3)
1. Interest on:				
(a) Wholly exempt obligations. (Attach schedule)	11,919	650	219	12,350
(b) United States Savings Bonds and Treasury Bonds owned in excess of the principal amount of $5,000 issued prior to March 1, 1941				
(c) Obligations of instrumentalities of the United States issued prior to March 1, 1941				
(d) Obligations issued on or after March 1, 1941, by the United States or any agency or instrumentality thereof. (Attach schedule)	657			657
(e) Loans, notes, mortgages, bank deposits, bonds, debentures, etc.	229,425	17,573	61	246,937
Totals	242,001	18,223	280	259,944
2. Dividends on stock of:				
(a) Domestic corporations subject to taxation under Chapter 1, I.R.C.				13,668
(b) Certain preferred stock of public utilities taxable under Chapter 1, I.R.C.				4,144
(c) Foreign corporations				
(d) Other corporations				
3. Rents. (Attach schedule)				11,737
4. Royalties. (Attach schedule)				
5. Leases, terminations, etc.				
6. Gross income from trade or business other than insurance business. (Attach schedule)				
7. GROSS INVESTMENT INCOME (total lines 1–6)				289,493
Deductions (Section 804(c))				
8. Investment expenses. (Attach schedule) (See Schedule H) Mortgage Service Fees				9,224
9. Real estate expenses. (Attach schedule)				1,418
10. Depreciation. (Attach schedule)				3,663
11. Depletion of mines, oil and gas wells, timber, etc. (Attach schedule)				
12. Trade or business deductions as provided in 804(c)(5) (Attach schedule)				
13. Total deductions (lines 8–12)				20,305
14. INVESTMENT YIELD (line 7 less line 13)				269,188

SCHEDULE B.—PART I—POLICY AND OTHER CONTRACT LIABILITY REQUIREMENTS (Sec. 805(a)) (See instructions)

1. Adjusted life insurance reserves (from Part V)	3,476,485	
2. Multiplied by the adjusted reserves rate (from line 8 or 7, Part III)	3.89277 %	135,332
3. Interest paid (from Part VI)		16,582
4. Policy and other contract liability requirements (Total of lines 2 and 3)		151,914

PART II—ASSETS (Sec. 805(b)(4))	1. Beginning of Taxable Year	2. End of Taxable Year	3. Mean of column 1 and column 2*
1. Real estate	213,761	547,394	380,578
2. Mortgages:			
(a) With mortgage service fees	919,616	1,389,945	1,154,780
(b) Without mortgage service fees	1,675,943	2,407,699	2,041,821
3. Collateral loans	---	---	
4. Policy loans, including premium notes	79,083	121,104	100,094
5. Corporate bonds	351,414	543,988	447,701
6. Stocks	665,937	1,032,286	849,111
7. Government obligations, etc. (Submit detailed schedule)	305,374	367,776	336,575
8. Bank deposits, cash, etc.	1,608,980	1,524,608	1,566,794
9. Other assets (Attach schedule)	29,420	45,834	37,627
10. Totals	5,949,528	7,980,634	6,915,081

*Adjusted under Section 806(b) (Attach schedule)

PART III—EARNINGS RATES (Sec. 805(b))

1. Current earnings rate (line 14, Schedule A divided by line 10, column 3, Part II)	3.89277 %
2. Earnings rate for first preceding year (Attach schedule)	3.52562 %
3. Earnings rate for second preceding year (Attach schedule)	3.40228 %
4. Earnings rate for third preceding year (Attach schedule)	4.69157 %
5. Earnings rate for fourth preceding year (Attach schedule)	3.99880 %
6. Total (lines 1–5)	19.31104
7. Average earnings rate (See instructions)	3.90221 %

BEST COPY AVAILABLE

PART IV—AVERAGE INTEREST RATE ASSUMED (See instructions)

1. Nature of Reserve (Life, Annuity, etc.)	2. Applicable Mortality or Morbidity Table	3. Tabular Interest Rate	4. Method of Computation (Commissioners' Reserve Valuation Method, etc.)	5. Amount of Reserve at Beginning of Taxable Year*	6. Amount of Reserve at End of Taxable Year*	7. Mean of Columns 5 and 6*	8. Column 7 times Column 3
1.							
2.							
3.							
4.							
5. Totals						3,715,833	120,714
6. Average rate of interest assumed in computing life insurance reserves (total of column 8 divided by total of column 7)							3.24864 %

*See instructions for 806(b) and 810(c) adjustments **Adjusted under 809(a) (Attach schedule)

PART V—ADJUSTED LIFE INSURANCE RESERVES (Sec. 805(a)(1))

1. Mean of the reserves (col. 7, line 5, Part IV)		3,715,833
2. (a) Multiplied by (that percentage which equals	100%	
(b) Increased by 10 times the average rate of interest assumed (from line 6, Part IV)	32.4864	
(c) Total	132.4864	
(d) Reduced by 10 times the adjusted reserves rate (from line 2, Part I, Schedule B)	38.9277	
(e) Line (c) less line (d)		93.5587 %
3. Adjusted life insurance reserves (line 1 multiplied by line 2(e))		3,476,485

PART VI—INTEREST PAID (Sec. 805(a))

1. Interest on indebtedness	16,582
2. Amounts in the nature of interest	
3. Discount on prepaid premiums	
4. Total interest paid (lines 1–3)	16,582

SCHEDULE C.—TAXABLE INVESTMENT INCOME (See Instructions)

1. Policyholders' share (Sec. 804) (line 4, Part I, Sch. B divided by line 14, Sch. A) but not to exceed 100%			56.4342 %
2. Company's share			43.5658 %
3. Total			100 %
	1. Total	2. Exclusion (Policyholders' share (line 1 times col. 1))	3. Company's share (line 2 less col. 1)
4. Interest wholly tax-exempt (line 1(a), column 4, Schedule A)	12,350	6,970	5,380
5. Interest partially tax-exempt (lines 1(b) and (c), column 4, Schedule A)			
6. (a) Dividends from line 2(a), Schedule A	13,668	7,713	5,955
(b) Dividends from line 2(b), Schedule A	4,144	2,339	1,805
(c) Dividends from line 2(c), Schedule A			
(d) Dividends from line 2(d), Schedule A			
7. Other items of investment yield (line 14, Schedule A, less 4–6 above)	239,026	134,892	104,134
8. Total (Lines 4–7)	269,188	151,914	117,274
REDUCTIONS			
9. Interest wholly tax-exempt (line 4, column 3)			5,380
10. Interest partially tax-exempt (30/52 of line 5, column 3)			
11. Dividends received deduction:			
(a) 85% of dividends from line 6(a), column 3		5,062	
(b) 62.115% of dividends from line 6(b), column 3		1,121	
(c) 85% of dividends from certain foreign corporations from line 6(c), column 3			
(d) Total, but not to exceed 85% of taxable investment income (line 14, Schedule C) computed without regard to this deduction			6,183
12. Small business deduction (10% of line 14, Schedule A, not to exceed $25,000)			25,000
13. Total (lines 9, 10, 11(d), and 12)			36,563
14. Taxable investment income (line 8 less line 13, but not less than zero)			80,711

SCHEDULE E.—GAIN AND LOSS FROM OPERATIONS (See Instructions)

1. Policyholders' share (Sec. 809) (Line 3, Sch. E-1 divided by line 14, Sch. A), but not to exceed 100%			51.7746%
2. Company's share			48.2254%
3. Total			100 %
	1. Total	2. Exclusion (Policyholders' share (line 1 times col. 1))	3. Company's share (line 2 less col. 1)
4. Interest wholly tax-exempt (line 1(a), column 4, Schedule A)	12,350	6,394	5,956
5. Interest partially tax-exempt (lines 1(b) and (c), column 4, Schedule A)			
6. (a) Dividends from line 2(a), Schedule A	13,668	7,077	6,591
(b) Dividends from line 2(b), Schedule A	4,144	2,146	1,998
(c) Dividends from line 2(c), Schedule A			
(d) Dividends from line 2(d), Schedule A			
7. Other items of investment yield (line 14, Schedule A, less 4–6 above)	239,026	123,755	115,271
8. Total (lines 4–7)	269,188	139,372	129,816
REDUCTIONS			
9. Interest wholly tax-exempt (line 4, column 3)			5,956
10. Interest partially tax-exempt (30/52 of line 5, column 3)			
(b) Decrease in 811(b)(2) reserves (See line 3, Part IV, Schedule E-2)			5,282
11. Other amounts (Attach schedule) Miscellaneous Income			14,244,740
12. Total (lines 8–11)			
DEDUCTIONS			
13. Death benefits, etc.			4,777,447
14. Increase in reserves (after reduction for investment yield under 810(b)) (Attach schedule)			1,780,660
15. Assumption by another person of liabilities under insurance, etc., contracts			
16. Interest wholly tax-exempt (line 4, column 3)			5,956
17. Interest partially tax-exempt (30/52 of line 5, column 3)			
18. Investment expenses, etc., not deducted on Schedule A (Attach schedule)			
19. Small business deduction (10 percent of line 14, Schedule A, not to exceed $25,000)			25,000
20. Other deductions not deducted on Schedule A (Attach schedule)			7,041,671
21. Total (lines 13–20)			13,630,734
22. Dividends received deduction (See instructions):			
(a) 85% of dividends received from line 6(a), column 3		5,602	
(b) 62.115% of dividends from line 6(b), column 3		1,241	
(c) 85% of dividends from certain foreign corporations from line 6(c), column 3			
(d) Total, but not to exceed 85% of the excess, if any, of line 12 over line 21			6,843
23. Operations loss deduction (Attach schedule)			13,637,577
24. Tentative deduction (lines 21–23)			57,020
25. Plus: (a) Group life, accident, and health insurance (line 7, Part I, Schedule E-2)			65,098
(b) Certain nonparticipating contracts (line 9, Part I, Schedule E-2)			345,871
(c) Dividends to policyholders (line 11, Part I, Schedule E-2)			14,105,566
26. Total deductions (line 24 plus line 25)			139,174
27. Gain (loss) from operations (line 12 less line 26)			

SCHEDULE E-1.—REQUIRED INTEREST (Sec. 809(a)(3)) Page 4

	1. Rate	2. Beginning of Taxable Year	3. End of Taxable Year	4. Mean (Columns 2 plus 3)	5. Column 1 multiplied by column 4
1. 810(c)(1) Reserves (from line 5, column 6, Part IV, Schedule B)					120,714
2. 810(c)(3) Reserves	3½	260,195	422,318	341,257	11,944
3. 810(c)(4) Reserves	3½	193,339	190,283	191,811	6,713
4. 810(c)(5) Reserves	3½				
5. Required interest (Total, lines 1-4)					139,371

SCHEDULE E-2.—PART I—LIMITATION ON LINE 25, SCHEDULE E DEDUCTION (Sec. 809(f))

1. Statutory amount		250,000
2. (a) From line 12, Schedule E	14,244,740	
(b) Less: Tentative deduction, line 24, Schedule E	13,637,577	
3. Gain from operations without regard to line 25, Schedule E	607,163	
4. Less: Taxable investment income (line 14, Schedule C)	80,711	
5. Excess of line 3 over line 4 (but not less than zero)		526,452
6. Maximum possible deduction for line 25, Schedule E (line 1 plus line 5)		776,452
7. Deduction for group life, accident, and health insurance (Part II) (Not in excess of line 6)		57,020
8. Maximum deduction for certain nonparticipating contracts (line 6 less line 7)		719,432
9. Deduction for certain nonparticipating contracts (Part III) (Not in excess of line 8)		65,098
10. Maximum deduction for dividends to policyholders (line 8 less line 9)		654,334
11. Deduction for dividends to policyholders (Part IV) (Not in excess of line 10)		345,871

PART II—GROUP LIFE, ACCIDENT, AND HEALTH INSURANCE (Sec. 809(d)(9))

1. Reserves at the end of the taxable year		2,850,988
2. Multiplied by		2%
3. Tentative deduction		57,020

PART III—CERTAIN NONPARTICIPATING CONTRACTS (Sec. 809(d)(5))

1. (a) Reserve at the end of the taxable year	2,106,258	
(b) Reserve at the beginning of the taxable year	1,455,276	
(c) Increase (if the difference is negative, enter "0")	650,982	65,098
(d) Multiplied by	10%	
2. (a) Net premiums	1,269,432	
(b) Multiplied by	3%	38,083
3. Tentative deduction—the greater of line 1 or line 2		65,098

PART IV—DIVIDENDS TO POLICYHOLDERS (Sec. 809(d)(3))

1. Dividends paid to policyholders		320,756
2. (a) Increased by the excess of (1) over (2):		
(1) Reserve as of the end of the taxable year	61,615	
(2) Reserve as of the end of the preceding taxable year	36,500	25,115
OR		
(b) Decreased by the excess of (2) over (1):		
(1) Reserve as of the end of the preceding taxable year		
(2) Reserve as of the end of the taxable year		
3. If positive, enter on line 11, Schedule E-2; if negative, enter on line 10(b), Schedule E		345,871

SCHEDULE F.—SHAREHOLDERS SURPLUS ACCOUNT (Sec. 815(b))

		(BEG)
1. Balance as of January 1, 1958		104,988
2. Life insurance company taxable income		---
3. Partially tax-exempt interest deduction (30/52 of lines 10(b) and (c), column 4, Schedule A)		
4. Dividends received deduction:		
(a) 85% of dividends received from line 2(a), Schedule A	11,618	
(b) 62.115% of dividends received from line 2(b), Schedule A	2,574	
(c) 85% of dividends received from certain foreign corporations		
(d) Total, but not to exceed 85% of line 12 less line 21, Schedule E		14,192
5. Interest wholly exempt from tax (line 1(a), column 4, Schedule A)		12,350
6. Small business deduction (line 19, Schedule D)		25,000
7. Total (lines 1-6)		156,530
8. Less: Tax liability for 1958 under 802(a)		49,094
9. Excess of line 7 over line 8		107,436
10. Less: Distributions in 1958 (Not to exceed line 9)		107,436
11. Balance as of December 31, 1958 (line 9 less line 10)		- 0 -

SCHEDULE H.—LIMITATION OF INVESTMENT EXPENSE DEDUCTION (Schedule H need not be filled in if no deduction is claimed for any general expenses that are allocated to investment income.)

1. Mean of the assets for the taxable year (line 10, column 3, Part II, Schedule B)		
2. One-fourth of 1% of the mean of the assets (line 1)		
3. Mortgage service fees		
4. The greater of (a) or (b):		
(a) (i) Investment yield computed without regard to investment expenses		
(ii) Three and three-fourths percent of line 1		
(iii) Excess (line (i) over line (ii))		
(iv) One-fourth of line (iii)		
(v) Reduced by mortgage service fees (line 3)		
(vi) Line (iv) less line (v)		
(b) One-fourth of 1% of the amount on line 2(a), column 3, Part II, Schedule B		
5. Limit on deduction for investment expenses (Total lines 2-4)		

K. Did you at any time during the taxable year own directly or indirectly 50% or more of the voting stock of a domestic corporation?
☐ Yes ☑ No

L. Did any corporation, individual, partnership, trust, or association at any time during the taxable year own directly or indirectly 50% or more of your voting stock?
☐ Yes ☒ No
If either answer is "Yes," see Instruction N.

M. Did you at any time during the taxable year own directly or indirectly any stock of a foreign corporation? If "Yes," attach statement required by General Instruction I.)
☐ Yes ☑ No

N. Did you file with the District Director a copy of the annual statement for the preceding year as required by General Instruction K?
☐ Yes ☒ No If "Yes," state office to which filed.

O. If a copy of the annual statement does not accompany this return, state why the statement is not attached.
Available at Company Office

SCHEDULE B
Part II

STANDARD LIFE AND ACCIDENT INSURANCE COMPANY

Assets (Sec. 805 (b)(4))

	1957			1956			1955			1954		
	Beginning	Ending	Mean	Beginning	Ending	Mean	Beginning	Ending	Mean	Beginning	Ending	Mean
Real Estate	$ 135,774	$ 213,761	$ 174,768	$ 62,267	$ 135,774	$ 99,021	$ ---	$ 62,267	$ 31,134	$ ---	$ ---	$ ---
Mortgages:												
Without Service Fees	543,787	919,616	731,701	481,946	543,787	512,866	350,530	481,946	416,238	169,325	350,530	259,928
With Service Fees	1,713,227	1,675,943	1,694,585	734,924	1,713,227	1,249,076	438,061	784,924	611,492	163,248	438,061	300,654
Collateral Loans	74,000	---	37,000	---	74,000	37,000	---	---	---	---	---	---
Policy Loans, including Premium Notes	38,830	79,083	58,957	22,475	38,830	30,652	14,947	22,475	18,711	9,058	14,947	12,003
Corporate Bonds	82,909	351,414	217,161	63,972	82,909	74,441	52,786	63,972	58,379	30,458	52,786	75,622
Stocks	376,104	665,937	521,061	232,803	376,184	304,493	152,578	232,803	192,691	242,234	152,578	197,406
Government Obligations	263,385	305,374	284,379	49,525	263,385	156,455	39,000	49,525	44,262	39,000	39,000	39,000
Bank Deposits, Cash, etc.	1,086,593	1,608,960	1,347,787	280,069	1,086,593	683,331	321,748	280,069	300,909	210,429	321,748	266,088
Other Assets:												
Accrued Interest and Investment Income	14,220	20,088	17,154	10,760	14,220	12,490	7,438	10,760	9,099	3,955	7,438	5,697
Cash Value Life Insurance Policy on Officers	5,645	9,332	7,488	---	5,645	2,823	---	---	---	---	---	---
Mean to Schedule B, Part III	$4,334,554	$5,643,528	$5,032,041	$1,930,741	$4,334,554	$3,162,648	$1,[illegible]	$1,[illegible],741	$1,[illegible],315	$1,[illegible],707	$1,377,[illegible]	$1,156,[illegible]

SCHEDULE B
Part III

STANDARD LIFE AND ACCIDENT INSURANCE COMPANY

Earnings Rate
(Sec. 805 (b))

	1957	1956	1955	1954
Mean of Invested Assets-Sch. B11	$5,092,041	$3,162,648	$1,683,915	$1,156,398
Investment Yield-Sub-Sch. A	$ 179,526	$ 107,602	$ 79,002	$ 46,242
Earnings Rate-Line 2 ÷ Line 1	3.52562%	3.40228%	4.69157%	3.93880%

SCHEDULE B
Part III
Sub-Schedule A

STANDARD LIFE AND ACCIDENT INSURANCE COMPANY

Investment Yield

	1957		1956		1955		1954	
GROSS INVESTMENT INCOME:								
1. Interest:								
(a) Wholly Exempt Obligations	$12,349		$ 2,288		$ 103		$ 500	
(c) Obligations issued Prior 3/1/41	---		---		160		180	
(d) Obligations issued After 3/1/41	533		694		786		825	
(e) Loans, Notes, etc.	144,460		27,563		70,347		36,431	
Total Interest		$157,342		$100,545		$71,416		$37,936
2. Dividends:								
(a) Domestic Corporations		11,284		12,324		10,996		9,387
(c) Public Utilities		5,732		965		50		196
3. Rents		18,025		4,503		480		---
Total Investment Income		$192,383		$118,337		$82,942		$47,519
INVESTMENT EXPENSE:								
8. Mortgage Service Fees	$ 4,784		$ 4,912		$ 2,384		$ 1,277	
9. Real Estate Expense	5,051		3,814		931		---	
10. Depreciation	3,022		2,009		625		---	
		12,857		10,735		3,940		1,277
Investment Yield		$179,526		$107,602		$79,002		$46,242

SCHEDULE B
Part IV

STANDARD LIFE AND ACCIDENT INSURANCE COMPANY

Average Interest Rate Assumed
Year ended December 31, 1950

1. Nature of Reserve	2. Assumed Morbidity Table	3. Assumed Interest Rate	4. Method of Computation	5. Reserve Beginning of Year	6. Reserve End of Year	7. Mean	8. Col. 3 Times Col. 7
Life	AE	3%	Ill. Std.	$1,949,787	$2,336,460	$2,143,123	$ 75,009
Life	AE	3	NLP	62,832	91,393	72,138	2,164
Life	CSO-41	3%	CRVM	581	1,101	816	29
Life	CSO-41	3	CRVM	737,197	1,576,571	1,156,884	34,707
Life	CSO-41	2½	CRVM	199,787	383,204	291,496	7,287
Annuity	51-37	2½	---	4,851	4,713	4,782	120
Accidental Death Benefits	DIT	3	---	17,530	9,360	13,445	403
Disability - Active Lives		3	---	12,120	17,545	14,868	446
Disability - Disabled Lives		3	---	- 0 -	2,195	1,098	33
Non-reduction of Deferred Premiums		3	---	11,616	22,752	17,185	516
				$2,976,478	$4,445,293	$3,715,945	$120,714

SCHEDULE E
Line 14

STANDARD LIFE AND ACCIDENT INSURANCE COMPANY

Increase in Reserves
Year ended December 31, 1958

	Balance Beginning of Year	Balance End of Year	Increase or (Decrease)
Life - See Schedule B, Part IV	$2,996,375	$4,435,290	$1,438,915
Dividend Accumulations	260,195	422,318	162,123
Unearned Premiums	1,707,873	1,903,547	195,674
Unpaid Losses	512,109	634,460	122,351
Advance Premiums	15,460	16,429	969
			$1,920,032
Less Policyholders' Share of Investment Income			139,372
			$1,780,660

SCHEDULE E
Line 20

STANDARD LIFE AND ACCIDENT INSURANCE COMPANY

Schedule of Other Deductions
Year ended December 31, 1958

Commissions	$4,801,208
Increase in Loading & Cost of Collection in Excess of Loading	65,308
Taxes - Sub-Schedule E (1) Attached	211,221
Rent	84,991
Salaries & Wages	806,835
Other Employee Welfare	1,483
Legal Fees & Expense	1,336
Medical Examination Fees	16,845
Inspection Report Fees	42,936
Fees of Public Accountants & Consulting Actuaries	5,750
Investigation & Settlement of Policy Claims	61,633
Agents' Travel	373,057
Administrative Travel	29,814
Advertising	27,598
Postage, Express, Telephone & Telegraph	93,118
Printing & Stationery	122,152
Rental of Equipment	32,652
Federal Employees Group Expense	4,769
Books & Periodicals	11,394
Bureau & Association Dues	11,599
Insurance	3,311
Collection & Bank Service Charges	2,864
Sundry General Expense	7,441
Agents Balances Charged Off	38,553
Agency Conference	53,609
Agents' Bonuses	41,780
Maintenance & Repair - Home Office	16,275
Utilities	10,372
Promotion & Entertainment	25,538
Depreciation - Sub-Schedule E (2) Attached	37,129
	$7,041,671

Form 1120L
U.S. Treasury Department
Internal Revenue Service

U.S. LIFE INSURANCE COMPANY INCOME TAX RETURN
FOR CALENDAR YEAR 1959

1959

Do not write in space below

Serial No. 508031

PLEASE TYPE OR PRINT PLAINLY

Name: STANDARD LIFE & ACCIDENT INSURANCE COMPANY

Address (Number, street, city or town, postal zone number, State): 421 N. W. 13th Street, Oklahoma City, Oklahoma

a. Date and place incorporated: January 19, 1929 - Oklahoma

b. Employer's identification number: 73-0289726

c. Amount of total depreciation claimed for current year: $55,026

d. Amount of total insurance liabilities. (See Instruction 5): $9,657,979

e. Amount of total depreciable assets: $916,517

f. Is this a consolidated return? (If "Yes," see Instruction M.) ☐ Yes ☒ No

g. Do you have any variable annuity contracts outstanding? (If "Yes," see section 801(g).) ☐ Yes ☒ No

h. Are you a burial or funeral benefit insurance company, engaged directly in the manufacture of funeral supplies or in the performance of funeral services? (If "Yes," see section 818(b).) ☐ Yes ☒ No

i. Did you file Forms 1096 and 1099 for the calendar year in connection with taxable dividends? (See General Instruction H.) ☒ Yes ☐ No

j. Did you file Forms 1096 and 1099 for the calendar year in connection with other payments? (See General Instruction H.) ☒ Yes ☐ No

GROUP SUPERVISOR DATE

LIFE INSURANCE COMPANY TAXABLE INCOME

1. (a) The taxable investment income (Schedule C)		
(b) The gain (loss) from operations (Schedule E)		
(c) The smaller of (a) or (b)		74,020
50 percent of the excess, if any, of 1(b) over 1(a)		195,639
2. Amount subtracted from policyholders, surplus account (line 5, Schedule G)		
4. Life insurance company taxable income (Total lines 1(c)-3)		269,659

REC'D WITH REMITTANCE 920
13 JUN 15 1960
DIRECTOR INT REV OKLAHOMA CITY 85

COMPUTATION OF TAX DUE OR REFUND

5. If amount of line 4 is: (a) Not over $25,000— Enter 30 percent of line 4 (32 percent if a consolidated return)		Agreement under Sec. 71.21, Internal
(b) Over $25,000— Enter 52 percent of line 4 (54 percent if a consolidated return)	140,222.68	Revenue Code 1954 - year closed 1958; 1959, 1960, 1961.
Subtract $5,500, and enter difference	5,500.00	Life agreement entitled to return for 1961 134,722.68
6. Capital gains tax (line 19, separate Schedule D, Form 1120L)		131.25
7. Increase in 1957 tax prior to deferment (818(e)(3)) (Attach Schedule)		
8. Total of lines 5-7		134,853.93
9. Less: (a) Reduction under 802(a)(3) Schedule J)		
(b) Credit allowed a domestic corporation for income taxes paid to a foreign country or U.S. possession (Submit Form 1118)		
10. Total income tax (line 8 less line 9)		134,853.93
11. Less: (a) Tax paid with application for extension of time in which to file	50,000.00	
(b) Payments and credits on 1959 Declaration of Estimated Tax	85	50,000.00
(c) Deferment under 818(e)(3)-(NOT to exceed 90 percent of line 7)		84,853.93
12. If line 10 is larger than line 11, the balance is TAX DUE ..... Enter such balance here →		84,853.93
13. If line 11 is larger than line 10 ..... Enter overpayment here → Int.		522.81
14. Enter amount of line 13 you want: Credited on 1960 estimated tax		85,376.74
Refunded		

SIGNATURE AND VERIFICATION (See Instruction E)

I declare under the penalties of perjury that this return (including any accompanying schedules and statements) has been examined by me and to the best of my knowledge and belief is a true, correct and complete return. If the return is prepared by a person other than the taxpayer, his declaration is based on all the information relating to the matters required to be reported in the return of which he has knowledge.

CORPORATE SEAL

6-15-60 (Date) — (Signature of officer) — President (Title)

5/16/60 (Date) — Martin F. Bednar (Individual or firm signature)

BEDNAR AND PERCIVAL
CERTIFIED PUBLIC ACCOUNTANTS
LIBERTY BANK BUILDING
OKLAHOMA CITY, OKLAHOMA

FORM 1120L—1959

DKT. NO. 4133-62 EX. B

84,853.93 315 (3) 6-15-60 = 522.81

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[EXHIBIT B]

SCHEDULE A.—INVESTMENT YIELD (See Instructions)

Line and Instruction No. — Gross Investment Income (Section 804(b))	1. Interest	2. Accrual of Discount	3. Amortization of Premium	4. Total (In Case of Line 1, Column 1 Plus Column 2 Less Column 3)
1. Interest on:				
(a) Wholly exempt obligations. (Attach schedule)	11,396			11,396
(b) United States Savings Bonds and Treasury bonds owned in excess of the principal amount of $5,000 issued prior to March 1, 1941				
(c) Other obligations of instrumentalities of the United States issued prior to March 1, 1941				
(d) Obligations issued on or after March 1, 1941, by the United States or any agency or instrumentality thereof. (Attach schedule)	513			513
(e) Loans, notes, mortgages, bank deposits, bonds, debentures, etc.	252,850	18,198	96	270,952
Totals	264,759	18,198	96	282,861
2. Dividends on stock of:				
(a) Domestic corporations subject to taxation under Chapter 1, I.R.C.				21,358
(b) Certain preferred stock of public utilities taxable under Chapter 1, I.R.C.				934
(c) Foreign corporations				
(d) Other corporations				
3. Rents. (Attach schedule)				22,642
4. Royalties. (Attach schedule)				---
5. Leases, terminations, etc.				---
6. Net short-term capital gain reduced by any net long-term capital loss (line 15, separate Schedule D, Form 1120L)				---
7. Gross income from trade or business other than insurance business. (Attach schedule)				---
8. GROSS INVESTMENT INCOME (total lines 1-7)				327,795
Deductions (Section 804(c))				
9. Investment expenses. (Attach schedule) (See Schedule H)				31,904
10. Real estate expenses. (Attach schedule)				12,402
11. Depreciation. (Attach schedule)				5,160
12. Depletion of mines, oil and gas wells, timber, etc. (Attach schedule)				---
13. Trade or business deductions as provided in 804(c)(5). (Attach schedule)				---
14. Total deductions (lines 9-13)				49,466
15. INVESTMENT YIELD (line 8 less line 14)				278,329

SCHEDULE B.—PART I—POLICY AND OTHER CONTRACT LIABILITY REQUIREMENTS (Sec. 805(a)) (See instructions)

1. Adjusted life insurance reserves (from Part VI)	5,616,083	
2. Multiplied by the adjusted reserves rate (lesser of lines 1 or 7, Part III)	2.76754 %	155,427
3. Pension plan reserves (from line 5, col. 7, Part V)		
4. Multiplied by the current earnings rate (line 1, Part III)	%	---
5. Interest paid (from Part VII)		11,861
6. Policy and other contract liability requirements (total of lines 2, 4, and 5)		167,288

PART II—ASSETS (Sec. 805(b)(4))	1. Beginning of Taxable Year	2. End of Taxable Year	3. Mean of Column 1 and Column 2*
1. Real estate	547,394	429,994	488,694
2. Mortgages:			
(a) Without service fees	1,389,945	1,962,600	1,676,273
(b) With service fees	2,407,699	2,973,679	2,690,689
3. Collateral loans			
4. Policy loans, including premium notes	121,104	176,384	148,744
5. Corporate bonds	543,988	734,261	639,124
6. Stocks	1,032,286	2,408,671	1,720,479
7. Government obligations, etc. (Submit detailed schedule)	367,776	35,117	201,446
8. Bank deposits, cash, etc.	1,524,608	1,588,507	1,556,558
9. Other assets (Attach schedule)	838,822	1,031,007	934,914
10. Totals	8,773,622	11,340,220	10,056,921

*Adjusted under Section 806(a) (Attach schedule)

PART III—EARNINGS RATES (Sec. 805(b))

1. Current earnings rate (line 15, Schedule A, divided by line 10, column 3, Part II)	2.76754 %
2. Earnings rate for first preceding year (Attach schedule)	3.56063 %
3. Earnings rate for second preceding year (Attach schedule)	3.27594 %
4. Earnings rate for third preceding year (Attach schedule)	3.16508 %
5. Earnings rate for fourth preceding year (Attach schedule)	4.30430 %
6. Total (lines 1-5)	17.07349
7. Average earnings rate (See instructions)	3.41470 %

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SCHEDULE E.—GAIN AND LOSS FROM OPERATIONS (See Instructions)

1. Policyholders' share (Sec. 809) (Line 5, Sch. E-1 divided, by line 15, Sch. A), but not to exceed 100%		71.8240 %
2. Company's share		28.1760 %
3. Total		100 %

	1. Total	2. Exclusion Policyholders' share (line 1 times col. 1)	3. Company's share (line 2 times col. 1)
4. Interest wholly tax-exempt (line 1(a), column 4, Schedule A)	11,396	8,185	3,211
5. Interest partially tax-exempt (lines 1(b) and (c), column 4, Sch. A)			
6. (a) Dividends from line 2(a), Schedule A	21,358	15,340	6,018
(b) Dividends from line 2(b), Schedule A	934	671	263
(c) Dividends from line 2(c), Schedule A			
(d) Dividends from line 2(d), Schedule A			
7. Other items of investment yield (line 15, Schedule A, less 4-6 above)	244,641	175,711	68,930
8. Total (lines 4-7)	278,329	199,907	78,422

9. Gross premiums ..... Less: Return premiums, etc.		15,929,648
10. (a) Decrease in reserves (after adjustment under 810(a)) (Attach schedule)		
(b) Decrease in 811(b)(2) reserves (See line 3, Part IV, Schedule E-2)		
11. Other amounts (Attach schedule)		
12. Total (lines 8-11)		16,008,070
DEDUCTIONS		
13. Death benefits, etc		5,292,711
14. Increase in reserves (after reduction for investment yield under 810(b)) (Attach schedule)		2,062,457
15. Assumption by another person of liabilities under insurance, etc., contracts		---
16. Interest wholly tax-exempt (line 4, column 3)		3,211
17. Interest partially tax-exempt (30/52 of line 5, column 3)		---
18. Investment expenses, etc., not deducted on Schedule A (Attach schedule)		
19. Small business deduction (10% of line 15, Schedule A, not to exceed $25,000)		25,000
20. Other deductions not deducted on Schedule A (Attach schedule) see schedule 7,533,661		
21. Total (lines 13-20) Okay		14,917,040
22. Dividends received deduction (See Instructions):		
(a) 85% of dividends received from line 6(a), column 3	5,115	
(b) 62.115% of dividends from line 6(b), column 3	163	
(c) 85% of dividends from *certain* foreign corporations from line 6(c), column 3		
(d) Total, but not to exceed 85% of the excess, if any, of line 12 over line 21		5,278
23. Operations loss deduction (Attach schedule)		---
24. Tentative deduction (lines 21-23)		14,922,318
25. Plus: (c) Group life, accident, and health insurance (line 7, Part I, Schedule E-2)	75,780	
(b) Certain nonparticipating contracts (line 9, Part I, Schedule E-2)	89,554	
(c) Dividends to policyholders (line 11, Part I, Schedule E-2)	455,121	620,455
26. Total deductions (line 24 plus line 25)		15,542,773
27. Gain (loss) from operations (line 12 less line 26)		465,297

SCHEDULE E-1.—REQUIRED INTEREST (Sec. 809(a)(2))

	1. Rate	2. Beginning of Taxable Year	3. End of Taxable Year	4. Mean of Columns 2 and 3	5. Column 1 times column 4
1. 810(c)(1) Reserves (from line 5, column 8, Parts IV and V, Schedule B)					173,983
2. 810(c)(3) Reserves					
3. 810(c)(4) Reserves	3½	422,318	651,015	536,667	18,783
4. 810(c)(5) Reserves	3½	190,283	217,756	204,020	7,141
5. Required interest (Total, lines 1-4)					199,907

SCHEDULE E-2.—PART I—LIMITATION ON LINE 25, SCHEDULE E, DEDUCTION (Sec. 809(f))

1. Statutory amount		250,000
2. (a) From line 12, Schedule E	16,008,070	
(b) Less: Tentative deduction, line 24, Schedule E	14,922,318	
3. Gain from operations without regard to line 25, Schedule E	1,085,752	
4. Less: Taxable investment income (line 14, Schedule C)	74,020	
5. Excess of line 3 over line 4 (but not less than zero)		1,011,732
6. Maximum possible deduction for line 25, Schedule E (line 1 plus line 5)		1,261,732
7. Deduction for group life, accident, and health insurance (Part II) (Not in excess of line 6)		75,780
8. Maximum deduction for certain nonparticipating contracts (line 6 less line 7)		1,185,952
9. Deduction for certain nonparticipating contracts (Part III) (Not in excess of line 8)		89,554
10. Maximum deduction for dividends to policyholders (line 8 less line 9)		1,096,398
11. Deduction for dividends to policyholders (Part IV) (Not in excess of line 10)		455,121

PART IV—AVERAGE INTEREST RATE ASSUMED (Sec. 805(c)(2))

1. Nature of Reserve (Life Annuity, Etc.) Exclude one-third of "qualified" pension plan reserves	2. Assumed Mortality or Morbidity Table	3. Assumed Interest Rate	4. Method of Computation (Illinois Standard, Etc.)	5. Amount of Reserve at Beginning of Taxable Year*	6. Amount of Reserve at End of Taxable Year*	7. Mean of Columns 5 and 6**	8. Column 3 times Column 7
1.		SCHEDULE B, Part IV ATTACHED					
2.							
3.							
4.							
5. Totals						5,359,528	173,983
6. Average rate of interest assumed in computing life insurance reserves (total of column 8 divided by total of column 7)							3.24623 %

PART V—PENSION PLAN RESERVES (805(d)) (Include one-third of "qualified" pension plan reserves excluded from Part IV)

1. 805(d)(1)(A) reserves							
2. 805(d)(1)(B) reserves							
3. 805(d)(1)(C) reserves		NONE					
4. 805(d)(1)(D) reserves							
5. Totals							

*See Instructions for 806(b) and 818(c) adjustments **Adjusted under 806(a) (Attach schedule)

PART VI—ADJUSTED LIFE INSURANCE RESERVES (Sec. 805(c)(1))

1. Mean of the reserves (col. 7, line 5, Part IV)		5,359,528
2. (a) Multiplied by that percentage which equals	100%	
(b) Increased by 10 times the average rate of interest assumed (from line 6, Part IV)	32.4623	
(c) Total	132.4623	
(d) Reduced by 10 times the adjusted reserves rate (from line 2, Part I, Schedule B)	27.6754	
(e) Line (c) less line (d)		104.7869 %
3. Adjusted life insurance reserves (line 1 multiplied by line 2(e))		5,616,083

PART VII—INTEREST PAID (Sec. 805(e))

1. Interest on indebtedness	11,861
2. Amounts in the nature of interest	---
3. Discount on prepaid premiums	---
4. Total interest paid (lines 1-3)	11,861

SCHEDULE C.—TAXABLE INVESTMENT INCOME (See Instructions)

1. Policyholders' share (Sec. 804) (line 6, Part I, Sch. B, divided by line 15, Sch. A) but not to exceed 100%		60.1044 %
2. Company's share		39.8956 %
3. Total		100 %

	1. Total	2. Exclusion Policyholders' share (line 1 times col. 1)	3. Company's share (line 2 times col. 1)
4. Interest wholly tax-exempt (line 1(a), column 4, Schedule A)	11,396	6,850	4,546
5. Interest partially tax-exempt (lines 1(b) and (c), column 4, Sch. A)			
6. (a) Dividends from line 2(a), Schedule A	21,358	12,837	8,521
(b) Dividends from line 2(b), Schedule A	934	561	373
(c) Dividends from line 2(c), Schedule A			
(d) Dividends from line 2(d), Schedule A			
7. Other items of investment yield (line 15, Schedule A, less 4-6 above)	244,641	147,040	97,601
8. Total (Lines 4-7)	278,329	167,288	111,041

REDUCTIONS		
9. Interest wholly tax-exempt (line 4, column 3)		4,546
10. Interest partially tax-exempt (30/52 of line 5, column 3)		---
11. Dividends received deduction:		
(a) 85% of dividends from line 6(a), column 3	7,243	
(b) 62.115% of dividends from line 6(b), column 3	232	
(c) 85% of dividends from *certain* foreign corporations from line 6(c), column 3	---	
(d) Total, but not to exceed 85% of taxable investment income (line 14) computed without regard to this deduction		7,475
12. Small business deduction (10% of line 15, Schedule A, not to exceed $25,000)		25,000
13. Total (lines 9, 10, 11(d), and 12)		37,021
14. Taxable investment income (line 8 less line 13, but not less than zero)		74,020

PART II—GROUP LIFE, ACCIDENT, AND HEALTH INSURANCE (Sec. 809(d)(6))

1. Net premiums		3,782,017
2. Multiplied by		2%
3. Tentative deduction (Not to exceed 50% of line 1, less the amount of this deduction for 1958)		75,780

PART III—CERTAIN NONPARTICIPATING CONTRACTS (Sec. 809(d)(5))

1. (a) Reserve at the end of the taxable year	3,001,802	
(b) Reserve at the beginning of the taxable year	2,106,253	
(c) Increase (if the difference is negative, enter "0")	895,544	
(d) Multiplied by	10%	89,554
2. (a) Net premiums	1,615,208	
(b) Multiplied by	3%	48,456
3. Tentative deduction—the greater of line 1 or line 2		89,554

PART IV—DIVIDENDS TO POLICYHOLDERS (Sec. 809(d)(3))

1. Dividends paid to policyholders		438,986
2. (a) Increased by the excess of (1) over (2):		
(1) Reserve as of the end of the taxable year	77,750	
(2) Reserve as of the end of the preceding taxable year	61,615	16,135
OR		
(b) Decreased by the excess of (1) over (2):		
(1) Reserve as of the end of the preceding taxable year		
(2) Reserve as of the end of the taxable year		
3. If positive, enter on line 11, Schedule E-2; if negative, enter on line 10(b), Schedule E		455,121

SCHEDULE F.—SHAREHOLDERS SURPLUS ACCOUNT (Sec. 815(b))

1. Balance as of beginning of the taxable year		- 0 -
2. Life insurance company taxable income computed without regard to section 802(b)(3) (line 4 less line 3, page 1)		269,659
3. The amount, if any, by which the net long-term capital gain exceeds the net short-term capital loss		525
4. Partially tax-exempt interest deduction (30/52 of lines 1(b) and (c), column 4, Schedule A)		---
5. Dividends received deduction:		
(a) 85% of dividends received from line 2(a), Schedule A	18,154	
(b) 62.115% of dividends received from line 2(b), Schedule A	580	
(c) 85% of dividends received from *certain* foreign corporations	---	
(d) Total, but not to exceed 85% of line 12 less line 21, Schedule E		18,734
6. Interest wholly exempt from tax (line 1(a), column 4, Schedule A)		11,396
7. Small business deduction (line 19, Schedule E)		25,000
8. Total (lines 1-7)		325,314
9. Less: Tax liability for 1959 under 802(a) (computed without regard to 802(b)(3))		134,854
10. Excess of line 8 over line 9		190,460
11. Less: Distributions in 1959 (Not to exceed line 10)		99,997
12. Balance as of the end of the taxable year (line 10 less line 11)		90,463

SCHEDULE G.—POLICYHOLDERS SURPLUS ACCOUNT (Sec. 815(c))

1. Balance as of the beginning of the taxable year		zero
2. Add: (a) 50 percent of the excess, if any, of the gain from operations over the taxable investment income (line 2, page 1)	195,639	
(b) The deduction for certain nonparticipating contracts (line 25(b), Schedule E)	89,554	
(c) The deduction for group life, accident, and health insurance (line 25(a), Schedule E)	75,780	
3. Total (line 1 plus line 2)		360,973
4. Less: (a) Actual distributions only in excess of line 10, Schedule F	---	
(b) Tax increase on 4(a) by reason of 802(b)(3)	---	
(c) Amounts treated as distributions (See instructions)	---	
(d) Tax increase on 4(c) by reason of 802(b)(3)	---	
(e) Subtractions required under 815(d)	---	
5. Total of lines 4(a)-(d) (Not to exceed line 3) (Enter here and on line 3, page 1)		---
6. Balance as of the end of the year (line 3 less line 5)		360,973

SCHEDULE H.—LIMITATION OF INVESTMENT EXPENSE DEDUCTION (Schedule H need not be filled in if no deduction is claimed for any general expenses that are allocated to investment income.)

1. Mean of the assets for the taxable year (line 10, column 3, Part II, Schedule B)		10,056,921
2. One-fourth of 1% of the mean of the assets (line 1)		25,142
3. Mortgage service fees		14,205
4. The greater of (a) or (b):		
(a) (i) Investment yield computed without regard to investment expenses	310,233	
(ii) Three and three-fourths percent of line 1	377,135	
(iii) Excess (line (i) over line (ii))	---	
(iv) One-fourth of line (iii)	---	
(v) Reduced by mortgage service fees (line 3)	(14,205)	
(vi) Line (iv) less line (v)	(14,205)	
(b) One-fourth of 1% of the amount on line 2(a), column 3, Part II, Schedule B	4,191	4,191
5. Limit on deduction for investment expenses (Total lines 2-4)		43,538

SCHEDULE J.—REDUCTION UNDER 802(a)(3)

1. Amount of tax (line 5, page 1)		
2. Life insurance company taxable income (line 4, page 1)		
3. Amount subtracted from policyholders surplus account on lines 4(a) and (b), Sch. G		
4. Line 2 less line 3		
5. If amount of line 4 is:		
(a) Not over $25,000—		
Enter 30 percent of line 4 (32 percent if a consolidated return)		
(b) Over $25,000—		
Enter 52 percent of line 4 (54 percent if a consolidated return)		
Subtract $5,500, and enter difference	5,500.00	
6. Excess of line 1 over line 5		
7. Line 6 multiplied by 66⅔% (Enter here and on line 9(a), page 1)		

K. Did you at any time during the taxable year own directly or indirectly 50% or more of the voting stock of a domestic corporation?
☒ Yes ☐ No

L. Did any corporation, individual, partnership, trust, or association at any time during the taxable year own directly or indirectly 50% or more of your voting stock?
☐ Yes ☒ No
If either answer is "Yes," see Instruction N.

M. Did you at any time during the taxable year own directly or indirectly any stock of a foreign corporation? (If "Yes," attach statement required by General Instruction J.)
☐ Yes ☒ No

N. Did you file with the District Director a copy of the annual statement for the preceding year as required by General Instruction K?
☐ Yes ☒ No If "Yes," state office in which filed.

O. If a copy of the annual statement does not accompany this return, state why the statement is not attached.

Available at Company Office

U.S. GOVERNMENT PRINTING OFFICE : 1960—O-513456

SCHEDULE B
Part III

STANDARD LIFE & ACCIDENT INSURANCE COMPANY

Earnings Rate
(Sec. 805 (b))

	1958	1957	1956	1955
Mean of Invested Assets - Sub-Schedule B-2, Part III	$7,560,126	$5,480,130	$3,399,657	$1,835,420
Investment Yield - Sub-Schedule B-1, Part III	$ 269,188	$ 179,526	$ 107,602	$ 79,002
Earnings Rate - Line 2 ÷ Line 1	3.56063%	3.27594%	3.16508%	4.30430%

SUB-SCHEDULE S-1
Part III

STANDARD LIFE & ACCIDENT INSURANCE COMPANY

Investment Yield

GROSS INVESTMENT INCOME:	1958		1957		1956		1955	
1. Interest:								
(a) Wholly Exempt Obligations	$ 12,490		$ 12,349		$ 2,288		$ 103	
(c) Obligations Issued Prior 3/1/41	---		---		---		180	
(d) Obligations Issued After 3/1/41	657		533		634		786	
(e) Loans, Notes, etc.	246,937		144,460		97,563		70,347	
Total Interest		$259,944		$157,342		$100,945		$71,416
2. Dividends:								
(a) Domestic Corporations		11,668		11,284		12,324		10,936
(c) Public Utilities		4,144		5,732		965		50
3. Rents		11,737		18,022		4,503		480
Total Investment Income		$289,493		$192,383		$118,937		$82,942
INVESTMENT EXPENSE:								
8. Mortgage Service Fees	$ 9,224		$ 4,784		$ 4,919		$ 2,384	
9. Real Estate Expense	7,419		5,091		3,814		931	
10. Depreciation	3,663		3,022		2,009		625	
		20,309		12,897		10,738		3,940
						$107,682		$79,002

...CHEDULE B-2
Part III

STANDARD LIFE & ACCIDENT INSURANCE COMPANY

Assets (Sec. 805(b)(4))

	1958			1957			1956			1955		
	Beginning	Ending	Mean	Beginning	Ending	Mean	Beginning	Ending	Mean	Beginning	Ending	Mean
Real Estate	$ 213,761	$ 547,496	$ 380,578	$ 135,774	$ 213,761	$ 174,768	$ 62,267	$ 135,774	$ 99,021	$ ---	$ 62,267	$ 31,134
Mortgages:												
without Service Fees	919,616	1,389,945	1,154,780	543,787	919,616	731,701	481,946	543,787	512,866	350,530	481,946	416,238
With Service Fees	1,675,943	2,407,699	2,041,821	1,713,227	1,675,943	1,694,585	784,924	1,713,227	1,249,076	438,061	784,924	611,492
Collateral Loans	---	---	---	74,000	---	37,000	---	74,000	37,000	---	---	---
Policy Loans, Including Premium Notes	74,083	121,104	100,094	38,830	74,083	56,457	22,475	38,830	30,652	14,347	22,475	18,711
Corporate Bonds	551,414	543,388	447,701	82,909	551,414	317,161	65,972	82,909	74,441	52,786	65,972	59,379
Stocks	665,937	1,032,286	849,111	376,184	665,937	521,061	232,803	376,184	304,493	152,578	232,803	192,691
Government Obligations	305,374	367,776	336,575	263,385	305,374	284,379	49,525	263,385	156,455	33,000	49,525	44,262
Bank Deposits, Cash, etc.	1,608,380	1,524,608	1,566,794	1,086,593	1,608,380	1,347,787	280,069	1,086,593	683,331	321,746	280,069	300,907
Other Assets:												
Accrued Interest & Investment Income	40,000	31,971	35,986	34,000	40,000	37,154	30,760	34,000	32,430	7,438	30,760	9,099
Cash Value Life Insurance Policy-Officers	9,332	14,863	12,097	9,645	9,332	9,488	---	9,645	9,823	---	---	---
Life Insurance Premiums Deferred & Uncollected	379,056	526,669	452,861	233,937	379,056	306,497	140,596	233,937	187,267	89,222	140,596	114,909
Accident & Health Premiums Due & Unpaid	119,646	266,323	192,184	45,139	119,646	81,392	34,346	45,139	43,742	15,646	34,346	25,996
	16,346,630	18,773,622	17,560,126	14,613,630	16,346,630	15,480,130	12,185,683	14,613,630	13,399,657	11,485,156	12,185,683	11,835,420

SCHEDULE B
Part IV

STANDARD LIFE & ACCIDENT INSURANCE COMPANY

Average Interest Rate Assumed
(Sec. 805(c)(2))

Year ended December 31, 1959

(1) Nature of Reserve	(2) Assumed Morbidity or Mortality Table	(3) Assumed Interest Rate	(4) Method of Computation	(5) Amount of Reserve Beginning	(6) Amount of Reserve Ending	(7) Mean of (5) & (6)	(8) Col. (3) Times Col. (7)
Life	AE	3½ %	Ill. Std.	$2,336,460	$3,397,811	2,867,136	$100,350
Life	AE	3 %	NLP	81,383	72,458	76,921	2,308
Life	CSO-41	3½ %	CRVM	1,101	3,766	2,384	132
Life	CSO-41	3 %	CRVM	1,576,571	2,647,532	2,112,052	63,362
Life	CSO-41	2½ %	CRVM	383,204	81,733	232,469	5,812
Annuity	SA-37	2½ %	--	4,713	4,575	4,644	116
Accidental Death Benefits	DIT	3 %	--	9,360	13,130	11,245	337
Disability-Active Lives	---	3 %	--	17,545	22,222	19,884	597
Disability-Disabled Lives	---	3 %	--	2,195	3,295	2,745	82
Non-Deduction of Deferred Premiums	---	3 %	--	22,759	32,044	27,402	822
Non-Cancellable Accident & Health, CSO 2½	FPT	2½ %	--	- 0 -	5,194	2,597	65
				$4,435,290	$6,283,760	$5,359,528	$173,993

SCHEDULE E
Line 14

STANDARD LIFE & ACCIDENT INSURANCE COMPANY

Increase in Reserves
Year ended December 31, 1959

	Balance 12/31/58	Balance 12/31/59	Increase (Decrease)
Life - Schedule B, Part IV	$4,435,290	$6,283,760	$1,848,470
Dividend Accumulations - 810(c)(4)	422,318	651,015	228,697
Unearned Premiums	1,903,547	1,803,215	(100,332)
Unpaid Losses	634,460	855,410	220,950
Life Claims	---	38,926	38,926
Supp. Contracts w/o Life Contingencies	---	25,653	25,653
	$7,395,615	$9,657,979	$2,262,364
Less Policy Holders Share of Investment Income			199,907
			$2,062,457

SCHEDULE E
Line 20

STANDARD LIFE & ACCIDENT INSURANCE COMPANY

Schedule of Other Deductions
Year ended December 31, 1959

Commissions	$4,980,521
Increase in Loading & Cost of Collection in Excess of Loading	301,252
Taxes - Sub-Schedule E(1) Attached	292,231
Rent	78,043
Salaries & Wages	692,395
Other Employee Welfare	23,519
Legal Fees & Expense	1,197
Medical Examination Fees	18,236
Inspection Report Fees	29,391
Fees of Public Accountants & Consulting Actuaries	4,200
Investigation & Claim Settlements	76,603
Travel & Auto Expense	401,133
Advertising	31,068
Postage, Express, Telephone & Telegraph	47,520
Printing & Stationery	169,403
Depreciation - Sub-Schedule E(2) Attached	49,866
Rental of Equipment	58,252
Federal Employees Group Expense	6,232
Books & Periodicals	20,377
Bureau & Association Dues	13,229
Insurance	4,044
Collection & Bank Service Charges	1,313
Agents' Balances Charged Off	86,689
Agency Conference	52,356
Agents' Bonuses	44,039
Sundry Investment Expense Not Included Elsewhere	1,156
Loss on Sale of Autos - Aub-Schedule E(3) Attached	2,198
Maintenance & Repair - Home Office Building	27,704
Utilities	7,633
Interest Paid	11,861
	$7,533,661

Automatic

Extension Granted to 6-15-62

FORM 1120 L
U.S. Treasury Department
Internal Revenue Service

U.S. LIFE INSURANCE COMPANY INCOME TAX RETURN
FOR CALENDAR YEAR 1961

1961

Do not write in space below

Serial No. CN 560056

PLEASE TYPE OR PRINT PLAINLY

Name: STANDARD LIFE & ACCIDENT INSURANCE COMPANY

Address (Number, street, city or town, postal zone number, State): 421 N. W. 13th Street, Oklahoma City, Oklahoma

a. Date and place incorporated: January 19, 1929 - Oklahoma

b. Employer identification number: 73-0289726

c. Amount of total depreciation claimed for current year: 374,124

d. Amount of total insurance liabilities. (See Instruction P): $19,099,653

e. Amount of total depreciable assets: $1,354,395

f. Is this a consolidated return? (If "Yes," see Instruction M.) ☐ Yes ☒ No

g. Do you have any variable annuity contracts outstanding? (If "Yes," see section 801(g).) ☐ Yes ☒ No

h. State the percentage that the total of your life insurance reserves (Sec. 801 (b)), plus unearned premiums, and unpaid losses (whether or not ascertained), on noncancellable life, health, or accident policies not included in life insurance reserves, is to your total reserves (Sec. 801 (c)). Attach schedule. 71.841 %

i. Are you a burial or funeral benefit insurance company, engaged directly in the manufacture of funeral supplies or in the performance of funeral services? (If "Yes," see section 801(b).) ☐ Yes ☒ No

j. Did you file Forms 1096 and 1099 for the calendar year in connection with taxable dividends? (See General Instruction H.) ☒ Yes ☐ No

k. Did you file Forms 1096 and 1099 for the calendar year in connection with other payments? (See General Instruction H.) ☒ Yes ☐ No

LIFE INSURANCE COMPANY TAXABLE INCOME

1. (a) The taxable investment income (Schedule C)	133,275	
(b) The gain from operations (Schedule E)	(116,725)	
(c) The smaller of (a) or (b)		(116,725)
2. 50 percent of the excess, if any, of 1(b) over 1(a)		---
3. Amount subtracted from policyholders' surplus account (line 8, Schedule P)		---
4. Life insurance company taxable income (Total lines 1(c), 2, and 3)		(116,725)
5. If amount of line 4 is: (a) Not over $25,000 — Enter 30 percent of line 4 (32 percent if a consolidated return)		---
(b) Over $25,000 — Enter 52 percent of line 4 (54 percent if a consolidated return)		
Subtract $5,500, and enter difference	5,500.00	---
6. Capital gains tax (line 18, separate Schedule D, Form 1120L)		---
7. Total of lines 5 and 6		---
8. Credit allowed a domestic corporation for income taxes paid to a foreign country or U.S. possession (Submit Form 1118)		
9. Total income tax (line 7 less line 8)		NONE
10. Less: (a) Tax paid with application for extension of time in which to file		
(b) Payments and credits on 1961 Declaration of Estimated Tax		
11. If line 9 is larger than line 10, the balance is **TAX DUE** — Enter such balance here →		
12. If line 9 is less than line 10 — Enter the **OVERPAYMENT** here →		
13. Enter amount of line 12 you want: Credited on 1962 estimated tax ____ Refunded ____		

RECEIVED
JUN 15 1962
DIVISION OF INT. REV.
OKLAHOMA CITY
DIST. - #1

COMPUTATION OF TAX DUE OR REFUND

"Amended return under Section 802 of Internal Revenue Code of 1954 - Using elections made in 1959, 1960, 1961. Closing agreement attached."

SIGNATURE AND VERIFICATION (See Instruction E)

I declare under penalties of perjury that I have examined this return (including accompanying schedules and statements) and to the best of my knowledge and belief it is true, correct, and complete. If prepared by a person other than taxpayer, his declaration is based on all information of which he has any knowledge.

6/14/62 — (Date) — (Signature of officer) — President (Title)

6/9/62 — (Date) — Martin F. Bednar — (Individual or firm signature of preparer)

BEDNAR AND PERCIVAL
CERTIFIED PUBLIC ACCOUNTANTS
LIBERTY BANK BUILDING
OKLAHOMA CITY 2 (Address)

[EXHIBIT D]

SCHEDULE A.—INVESTMENT YIELD (See Instructions)

Line and Instruction No. — Gross Investment Income (Section 804(b))	1. Interest	2. Accrual of Discount	3. Amortization of Premium	4. Total (In Case of Line 1, Column 1 Plus Column 2 Less Column 3)
1. Interest on:				
(a) Wholly exempt obligations. (Attach schedule)	8,469	172	212	8,429
(b) United States Savings Bonds and Treasury bonds owned in excess of the principal amount of $5,000 issued prior to March 1, 1941				
(c) Obligations of instrumentalities of the United States issued prior to March 1, 1941				
(d) Obligations issued on or after March 1, 1941, by the United States or any agency or instrumentality thereof. (Attach schedule)	8,346		10	8,336
(e) Bonds, notes, mortgages, bank deposits, bonds, debentures, etc.	596,387	16,860	72	613,175
(f) Total	613,202	17,032	294	629,940
2. Dividends on stock of:				
(a) Domestic corporations subject to taxation under Chapter 1, I.R.C.				4,129
(b) Certain preferred stock of public utilities taxable under Chapter 1, I.R.C.				200
(c) Foreign corporations				
(d) Other corporations				
3. Rents. (Attach schedule)				32,087
4. Royalties. (Attach schedule)				
5. Leases, terminations, etc.				
6. Net short-term capital gain reduced by any net long-term capital loss (line 14, separate Schedule D, Form 1120L)				
7. Gross income from trade or business other than insurance business. (Attach schedule)				
8. GROSS INVESTMENT INCOME (total lines 1–7)				666,356
Deductions (Section 804(c))				
9. Investment expenses. (Attach schedule) (See Schedule H)				75,066
10. Real estate expenses. (Attach schedule)				27,198
11. Depreciation. (Attach schedule)				9,680
12. Depletion of mines, oil and gas wells, timber, etc. (Attach schedule)				
13. Trade or business deductions as provided in 804(c)(5). (Attach schedule)				
14. Total deductions (lines 9–13)				111,944
15. INVESTMENT YIELD (line 8 less line 14)				554,412

SCHEDULE B.—PART I—POLICY AND OTHER CONTRACT LIABILITY REQUIREMENTS (Sec. 805(a)) (See instructions)

1. Adjusted life insurance reserves (from Part VI)	10,763,704	
2. Multiplied by the adjusted reserves rate (lesser of lines 1 or 7, Part III)	3.02727 %	325,846
3. Pension plan reserves (from line 5, col. 7, Part V)	---	
4. Multiplied by the current earnings rate (line 1, Part III)	--- %	
5. Interest paid (from Part VII)		66,771
6. Policy and other contract liability requirements (total of lines 2, 4, and 5)		392,617

PART II—ASSETS (Sec. 805(b)(4))	1. Beginning of Taxable Year	2. End of Taxable Year	3. Mean of Column 1 and Column 2*
1. Real estate	771,577	1,055,994	913,786
2. Mortgages:			
(a) Without service fees	4,282,346	6,259,341	5,270,844
(b) With service fees	2,496,922	3,983,993	3,235,457
3. Collateral loans	185,681	298,268	241,974
4. Policy loans, including premium notes	364,386	563,756	464,071
5. Corporate bonds	880,049	1,110,840	995,445
6. Stocks	2,444,944	4,598,438	3,521,691
7. Government obligations, etc. (Submit detailed schedule)	530,717	9,095	269,906
8. Bank deposits, cash, etc.	1,383,771	1,310,413	1,347,092
9. Other assets (Attach schedule)	1,424,743	2,682,631	2,053,687
10. Totals	14,755,136	21,872,769	18,313,953

*Adjusted under Section 806(a) (Attach schedule)

PART III—EARNINGS RATES (Sec. 805(b))

1. Current earnings rate (line 15, Schedule A, divided by line 10, column 3, Part II)	3.02727 %
2. Earnings rate for first preceding year (Attach schedule)	2.87771 %
3. Earnings rate for second preceding year (Attach schedule)	2.76754 %
4. Earnings rate for third preceding year (Attach schedule)	3.56063 %
5. Earnings rate for fourth preceding year (Attach schedule)	3.27594 %
6. Total (lines 1–5)	15.50909
7. Average earnings rate (See instructions)	3.10182 %

PART IV—AVERAGE INTEREST RATE ASSUMED (Sec. 805(c)(2))

1. Nature of Reserve (Life, Annuity, Etc.)	2. Assumed Mortality or Morbidity Table	3. Assumed Interest Rate	4. Method of Computation (Illinois Standard, Etc.)	5. Amount of Reserve at Beginning of Taxable Year*	6. Amount of Reserve at End of Taxable Year*	7. Mean of Columns 5 and 6**	8. Column 3 times Column 7
1.							
2.							
3.							
4.							
5. Totals			SCHEDULE ATTACHED			10,570,995	339,283

6. Average rate of interest assumed in computing life insurance reserves (total of column 8 divided by total of column 7) ... 3.20957 %

PART V—PENSION PLAN RESERVES (805(d))

1. 805(d)(1)(A) reserves							
2. 805(d)(1)(B) reserves							
3. 805(d)(1)(C) reserves							
4. 805(d)(1)(D) reserves							
5. Totals							

*See Instructions for 806(b) and 818(c) adjustments **Adjusted under 806(a) (Attach schedule)

PART VI—ADJUSTED LIFE INSURANCE RESERVES (Sec. 805(c)(1))

1. Mean of the reserves (col. 7, line 5, Part IV)		10,570,995
2. (a) Multiplied by that percentage which equals	100%	
(b) Increased by 10 times the average rate of interest assumed (from line 6, Part IV)	32.0957	
(c) Total	132.0957	
(d) Reduced by 10 times the adjusted reserves rate (from line 2, Part I, Schedule B)	30.2727	
(e) Line (c) less line (d)		101.8230 %
3. Adjusted life insurance reserves (line 1 multiplied by line 2(e))		10,763,704

PART VII—INTEREST PAID (Sec. 805(e))

1. Interest on indebtedness	66,771
2. Amounts in the nature of interest	
3. Discount on prepaid premiums	
4. Total interest paid (lines 1–3)	66,771

SCHEDULE C.—TAXABLE INVESTMENT INCOME (See Instructions)

1. Policyholders' share (Sec. 804) (line 6, Part I, Sch. B, divided by line 15, Sch. A) but not to exceed 100%			70.81683 %
2. Company's share			29.18317 %
3. Total			100 %
	1. Total	2. Exclusion Policyholders' share (line 1 times col. 1)	3. Company's share (line 2 times col. 1)
4. Interest wholly tax-exempt (line 1(a), col. 4, Sch. A, see inst.)	8,429	5,969	2,460
5. Interest partially tax-exempt (lines 1(b) and (c), column 4, Sch. A)			
6. (a) Dividends from line 2(a), Schedule A	4,129	2,924	1,205
(b) Dividends from line 2(b), Schedule A	200	142	58
(c) Dividends from line 2(c), Schedule A			
(d) Dividends from line 2(d), Schedule A			
7. Other items of investment yield (line 15, Schedule A, less 4–6 above)	541,654	383,582	158,072
8. Total (Lines 4–7)	554,412	392,617	161,735
REDUCTIONS			
9. Interest wholly tax-exempt (line 4, column 3)			2,460
10. Interest partially tax-exempt (30/52 of line 5, column 3)			
11. Dividends received deduction:			
(a) 85% of dividends from line 6(a), column 3		1,024	
(b) 62.115% of dividends from line 6(b), column 3		36	
(c) 85% of dividends from *certain* foreign corporations from line 6(c), column 3			
(d) Total, but not to exceed 85% of taxable investment income (line 14) computed without regard to this deduction			1,060
12. Small business deduction (10% of line 15, Schedule A, not to exceed $25,000)			25,000
13. Total (lines 9, 10, 11(d), and 12)			28,520
14. Taxable investment income (line 8 less line 13, but not less than zero)			133,275

SCHEDULE E.—GAIN AND LOSS FROM OPERATIONS (See Instructions)

1. Policyholders' share (Sec. 809) (line 5, Sch. E-1 divided by line 15, Sch. A), but not to exceed 100%			69.88269 %
2. Company's share			30.11731 %
3. Total			100 %
	1. Total	2. Exclusion Policyholders' share (line 1 times col. 1)	3. Company's share (line 2 times col. 1)
4. Interest wholly tax-exempt (line 1(a), col. 4, Sch. A, see inst.)	8,429	5,890	2,539
5. Interest partially tax-exempt (lines 1(b) and (c), column 4, Sch. A)			
6. (a) Dividends from line 2(a), Schedule A	4,129	2,885	1,244
(b) Dividends from line 2(b), Schedule A	200	140	60
(c) Dividends from line 2(c), Schedule A			
(d) Dividends from line 2(d), Schedule A			
7. Other items of investment yield (line 15, Schedule A, less 4–6 above)	541,654	378,523	163,131
8. Total (lines 4–7)	554,412	387,438	166,974
9. Gross premiums ____ Less: Return premiums, etc. ____			27,055,682
10. (a) Decrease in reserves (after adjustment under 810(a)) (Attach schedule)			
(b) Decrease in 811(b)(2) reserves (See line 3, Part IV, Schedule E-2)			
11. Other amounts (Attach schedule) Assets Acq. thru Acq. of Other Companies			642,369
12. Total (lines 8–11)			27,865,027
DEDUCTIONS			
13. Death benefits, etc			8,654,089
14. Increase in reserves (after reduction for investment yield under 810(b)) (Attach schedule)			8,363,673
15. Assumption by another person of liabilities under insurance, etc., contracts			
16. Interest wholly tax-exempt (line 4, column 3)			2,539
17. Interest partially tax-exempt (30/52 of line 5, column 3)			
18. Investment expenses, etc., not deducted on Schedule A (Attach schedule)			
19. Small business deduction (10% of line 15, Schedule A, not to exceed $25,000)			25,000
20. Other deductions not deducted on Schedule A (Attach schedule)			12,043,749
21. Total (lines 13–20)			27,089,050
22. Dividends received deduction (See instructions):			
(a) 85% of dividends received from line 6(a), column 3	1,057		
(b) 62.115% of dividends from line 6(b), column 3	37		
(c) 85% of dividends from *certain* foreign corporations from line 6(c), column 3			
(d) Total, but not to exceed 85% of the excess, if any, of line 12 over line 21			1,094
23. Operations loss deduction (Attach schedule)			---
24. Tentative deduction (lines 21–23)			27,090,144
25. Plus: (a) Group life, accident, and health insurance (line 7, Part I, Schedule E-2)	128,195		
(b) Certain nonparticipating contracts (line 9, Part I, Schedule E-2)	268,012		
(c) Dividends to policyholders (line 11, Part I, Schedule E-2)	495,401		891,608
26. Total deductions (line 24 plus line 25)			27,981,752
27. Gain (loss) from operations (line 12 less line 26)			(116,725)

SCHEDULE E-1.—REQUIRED INTEREST (Sec. 809(a)(2))

	1. Rate	2. Beginning of Taxable Year	3. End of Taxable Year	4. Mean of Columns 2 and 3	5. Column 1 times column 4
1. 810(c)(1) Reserves (from line 5, column 8, Parts IV and V, Schedule B)					339,283
2. 810(c)(3) Reserves					
3. 810(c)(4) Reserves	3½	918,675	1,280,451	1,099,563	38,485
4. 810(c)(5) Reserves	3½	254,975	297,587	276,281	9,670
5. Required interest (Total, lines 1–4)					387,438

SCHEDULE E-2.—PART I—LIMITATION ON LINE 25, SCHEDULE E, DEDUCTION (Sec. 809(f))

1. Statutory amount		250,000
2. (a) From line 12, Schedule E	27,865,027	
(b) Less: Tentative deduction, line 24, Schedule E	27,090,144	
3. Gain from operations without regard to line 25, Schedule E	774,883	
4. Less: Taxable investment income (line 14, Schedule C)	133,275	
5. Excess of line 3 over line 4 (but not less than zero)		641,608
6. Maximum possible deduction for line 25, Schedule E (line 1 plus line 5)		891,608
7. Deduction for group life, accident, and health insurance (Part II) (Not in excess of line 6)		128,195
8. Maximum deduction for certain nonparticipating contracts (line 6 less line 7)		763,413
9. Deduction for certain nonparticipating contracts (Part III) (Not in excess of line 8)		268,012
10. Maximum deduction for dividends to policyholders (line 8 less line 9)		495,401
11. Deduction for dividends to policyholders (Part IV) (Not in excess of line 10)		495,401

PART II—GROUP LIFE, ACCIDENT, AND HEALTH INSURANCE (Sec. 809(d)(6))

1. Net premiums		6,409,773
2. Multiplied by		2%
3. Tentative deduction (Not to exceed 50% of line 1, less the total amount deducted for prior years)		128,195

PART III—CERTAIN NONPARTICIPATING CONTRACTS (Sec. 809(d)(5))

1. (a) Reserve at the end of the taxable year	6,828,223	
(b) Reserve at the beginning of the taxable year	4,148,105	
(c) Increase (If the difference is negative, enter "0")	2,680,118	
(d) Multiplied by	10%	268,012
2. (a) Net premiums	5,791,292	
(b) Multiplied by	3%	173,739
3. Tentative deduction—the greater of line 1 or line 2		268,012

PART IV—DIVIDENDS TO POLICYHOLDERS (Sec. 809(d)(3))

1. Dividends paid to policyholders		639,993
2. (a) Increased by the excess of (1) over (2):		
(1) Reserve as of the end of the taxable year	201,602	
(2) Reserve as of the end of the preceding taxable year	173,995	27,607
OR		
(b) Decreased by the excess of (1) over (2):		
(1) Reserve as of the end of the preceding taxable year		
(2) Reserve as of the end of the taxable year		
3. If positive, enter on line 11, Schedule E-2; if negative, enter on line 10(b), Schedule E		667,600

SCHEDULE F.—SHAREHOLDERS SURPLUS ACCOUNT (Sec. 815(b))

1. (a) Balance as of the end of the preceding year		173,235
(b) Transfers under 815 (d) (1) and (4) for preceding year		---
(c) Balance as of the beginning of the taxable year		173,285
2. Life insurance company taxable income computed without regard to section 802(b)(3) (line 4 less line 3, page 1)		---
3. The amount, if any, by which the net long-term capital gain exceeds the net short-term capital loss		---
4. Partially tax-exempt interest deduction (30/52 of lines 1(b) and (c), column 4, Schedule A)		---
5. Dividends received deduction:		
(a) 85% of dividends received from line 2(a), Schedule A	3,510	
(b) 62.115% of dividends received from line 2(b), Schedule A	124	
(c) 85% of dividends received from *certain* foreign corporations		
(d) Total, but not to exceed 85% of line 12 less line 21, Schedule E		3,634
6. Interest wholly exempt from tax (line 1(a), column 4, Schedule A)		8,429
7. Small business deduction (line 19, Schedule E)		25,000
8. Total (lines 1-7)		210,348
9. Less: Tax liability for 1961 under 802(a) (computed without regard to 802(b)(3))		---
10. Excess of line 8 over line 9		210,348
11. Less: Distributions in 1961 (Not to exceed line 10)		125,000
12. Balance as of the end of the taxable year (line 10 less line 11)		85,348

SCHEDULE G.—POLICYHOLDERS SURPLUS ACCOUNT (Sec. 815(c))

1. Balance as of the beginning of the taxable year		800,654
2. Add: (a) 50 percent of the excess, if any, of the gain from operations over the taxable investment income (line 2, page 1)	---	
(b) The deduction for certain nonparticipating contracts (line 25(b), Schedule E)	268,012	
(c) The deduction for group life, accident, and health insurance (line 25(a), Schedule E)	128,195	396,207
3. Total (line 1 plus line 2)		1,196,861
4. Less: (a) Actual distributions only in excess of line 10, Schedule F	---	
(b) Tax increase on 4(a) by reason of 802(b)(3)	---	
(c) Subtractions under 815 (d) (1) and (4) (See instructions)	---	
(d) Tax increase on 4(c) by reason of 802(b)(3)	---	
(e) Subtraction required under 815(d) (2) due to termination	---	
5. Total of lines 4(a)-(e) (Not to exceed line 3) (Enter here and on line 3, page 1)		---
6. Balance as of the end of the year (line 3 less line 5)		1,196,861

SCHEDULE H.—LIMITATION OF INVESTMENT EXPENSE DEDUCTION (Schedule H need not be filled in if no deduction is claimed for any general expenses that are allocated to investment income.)

1. Mean of the assets for the taxable year (line 10, column 3, Part II, Schedule B)		18,313,953
2. One-fourth of 1% of the mean of the assets (line 1)		45,785
3. Mortgage service fees		16,104
4. The greater of (a) or (b):		
(a) (i) Investment yield computed without regard to investment expenses	629,478	
(ii) Three and three-fourths percent of line 1	686,773	
(iii) Excess (line (i) over line (ii))	- 0 -	
(iv) One-fourth of line (iii)	- 0 -	
(v) Reduced by mortgage service fees (line 3)	- 0 -	
(vi) Line (iv) less line (v)		
(b) One-fourth of 1% of the amount on line 2(a), column 3, Part II, Schedule B		13,177
5. Limit on deduction for investment expenses (Total lines 2-4)		75,065

SCHEDULE J.—COMPENSATION OF OFFICERS

1. Name and Address of Officer	2. Official Title	3. Time Devoted to Business	Percent of Corporation Stock Owned		6. Amount of Compensation	7. Expense Account Allowances
			4. Common	5. Preferred		
SCHEDULE ATTACHED						

i. Did you at any time during the taxable year own directly or indirectly 50% or more of the voting stock of a domestic corporation?
☒ Yes ☐ No

m. Did any corporation, individual, partnership, trust, or association at any time during the taxable year own directly or indirectly 50% or more of your voting stock?
☐ Yes ☒ No
If either answer is "Yes," see Instruction N.

n. Did you at any time during the taxable year own directly or indirectly any stock of a foreign corporation? (If "Yes," attach statement required by General Instruction J.)
☐ Yes ☒ No

o. Did you file with the District Director a copy of the annual statement for the preceding year as required by General Instruction K?
☒ Yes ☐ No If "Yes," state office in which filed.

p. If a copy of the annual statement does not accompany this return, state why the statement is not attached.
Attached

q. Did you incur expenses in connection with:
(If answer to any question is "Yes," check applicable boxes within that question.)

(1) A hunting lodge ☐, working ranch or farm ☐, fishing camp ☐, resort property ☒, pleasure boat or yacht ☐, or other similar facility ☐? (Other than where the operation of the facility was the principal business.) Yes ☒ No ☐

(2) The leasing, renting, or ownership of a hotel room or s ☐, apartment ☐, or other dwelling ☐, which was used by customers or employees or members of their families? (Other than use by employees while in business travel status.) Yes ☐ No ☒

(3) The attendance of your employees' families at conventions or business meetings. Yes ☐ No ☒

(4) Vacations for employees or members of their families? (Other than vacation pay reported on Form W-2.) Yes ☐ No ☐

U.S. GOVERNMENT PRINTING OFFICE: 1961—O-600812

STANDARD LIFE & ACCIDENT INSURANCE COMPANY

Schedule of Reserves - Sec. 801(d)
December 31, 1961

	BALANCE 12/31/60	BALANCE 12/31/61	MEAN
Life - Schedule B, Part IV	$ 8,615,472	$12,526,517	$10,570,995
Life Claims	50,692	81,466	66,079
Less Policy Loans	364,386	563,756	464,071
Net Life Reserves - Sec. 801(d)	$ 8,301,778	$12,044,227	$10,173,003
Other Reserves:			
Unearned Premium - A. & H.	$ 1,875,196	$ 3,930,248	$ 2,902,722
Unpaid Losses - A. & H.	378,207	1,260,362	1,069,285
Supplementary Contracts Without Life Contingencies	10,300	20,609	15,454
	$ 2,763,703	$ 5,211,219	$ 3,987,461
Total Reserves	$11,065,481	$17,255,446	$14,160,464
Life Reserves ÷ Total Reserves	75.024%	69.800%	71.841%

STANDARD LIFE & ACCIDENT INSURANCE COMPANY

Earnings Rate
(Sec. 804(d))

	1960	1959	1958	1957
Mean of Invested Assets -				
Sub-Schedule B-2, Part III	$13,047,478	$10,056,921	$7,560,126	$5,480,130
Investment Yield -				
Sub-Schedule B-2, Part III	376,473	278,388	269,189	179,526
Earnings Rate - Line 2 ÷ Line 1	2.87731%	2.76754%	3.56063%	3.27534%

BEST COPY AVAILABLE

SUB-SCHEDULE B-1
Part III

STANDARD LIFE & ACCIDENT INSURANCE COMPANY

Investment Yield

	1960		1959		1958		1957	
GROSS INVESTMENT INCOME:								
1. Interest:								
(a) Wholly Exempt Obligations	$ 3,103		$ 11,396		$ 12,350		$ 12,349	
(d) Obligations Issued After 3/1/41	1,761		513		657		533	
(e) Loans, Notes, etc.	421,838		270,952		246,937		144,460	
		$426,702		$282,861		$259,944		$157,342
2. Dividends:								
(a) Domestic Corporations		19,179		21,358		13,668		11,284
(b) Public Utilities		1,581		934		4,144		5,732
3. Rents		23,562		22,642		11,737		18,028
Total Investment Income		$471,023		$327,795		$289,493		$192,383
INVESTMENT EXPENSE:								
9. Investment Expense	$ 66,241		$ 31,904		$ 9,224		$ 4,784	
10. Real Estate Expense	22,994		12,402		7,418		5,051	
11. Depreciation	6,313		5,160		3,663		3,022	
		$ 95,548		$ 49,466		$ 20,305		$ 12,857
INVESTMENT YIELD		$375,475		$278,329		$269,188		$179,526

SIG-SCHEDULE B-2
Part III

STANDARD LIFE & ACCIDENT INSURANCE COMPANY

Assets (Sec. 805(b)(4))

	1960			1959			1958			1957		
	BEGINNING	ENDING	MEAN	BEGINNING	ENDING	MEAN	BEGINNING	ENDING	MEAN	BEGINNING	ENDING	MEAN
Real Estate	$ 429,994	$ 771,577	$ 600,786	$ 547,394	$ 429,994	$ 488,694	$ 213,761	$ 547,394	$ 380,578	$ 135,774	$ 213,761	$ 174,768
Mortgages:												
Without Service Fees	1,962,600	4,282,346	3,122,473	1,389,945	1,962,600	1,676,273	919,616	1,389,945	1,154,780	543,787	919,616	731,701
With Service Fees	2,973,679	2,486,922	2,730,300	2,407,699	2,973,679	2,690,689	1,675,943	2,407,699	2,041,821	1,713,227	1,675,943	1,694,585
Collateral Loans	---	185,681	92,841	---	---	---	---	---	---	74,000	---	37,000
Policy Loans, Including Premium Notes	176,384	364,386	270,385	121,104	176,384	148,744	79,083	121,104	100,094	38,830	79,083	58,957
Corporate Bonds	734,261	880,049	807,155	543,988	734,261	639,124	351,414	543,988	447,701	82,909	351,414	217,161
Stocks	2,408,671	2,444,944	2,426,807	1,032,286	2,408,671	1,720,479	665,937	1,032,286	849,111	376,184	665,937	521,061
Government Obligations	35,117	530,717	282,917	367,776	35,117	201,446	305,374	367,776	336,575	263,385	305,374	284,379
Bank Deposits, Cash, etc.	1,588,507	1,383,771	1,486,139	1,524,608	1,588,507	1,556,558	1,608,980	1,524,608	1,566,794	1,086,593	1,608,980	1,347,787
Other Assets:												
Accrued Interest and Investment Income	51,536	90,443	70,989	30,971	51,536	41,253	20,088	30,971	25,530	14,220	20,088	17,154
Cash Value-Life Insurance Policy - Officer	20,082	---	10,041	14,863	20,082	17,473	9,332	14,863	12,097	5,645	9,332	7,488
Life Insurance Premiums Deferred & Uncollected	706,071	1,101,649	903,860	526,665	706,071	616,368	379,056	526,665	452,861	233,937	379,056	306,497
Accident & Health Premiums Due & Unpaid	253,318	232,651	242,985	266,323	253,318	259,820	118,046	266,323	192,184	45,139	118,046	81,593
	$11,340,220	$14,755,136	$13,047,678	$8,773,622	$11,340,220	$10,056,921	$6,346,630	$8,773,622	$7,560,126	$4,613,630	$6,346,630	$5,480,130

SCHEDULE S
Part IV

STANDARD LIFE & ACCIDENT INSURANCE COMPANY

Average Interest Rate Assumed (Sec. 805(c)(2))
Year ended December 31, 1961

(1) Nature of Reserve	(2) Assumed Morbidity or Mortality Table	(3) Assumed Interest Rate	(4) Method of Computation	(5) Amount of Reserve Beginning	(6) Amount of Reserve Ending	(7) Mean of (5) & (6)	(8) Column(3) Times Column(7)
Life	AE	3½ %	Ill. Std.	$4,125,074	$ 4,609,155	$ 4,367,115	$152,849
Life	CSO 41	3½ %	CRVM	5,893	702,996	354,444	12,406
Life	CSO 41	3 %	CRVM	4,156,920	5,883,035	5,019,978	150,599
Life	CSO 41	2½ %	CRVM	121,945	275,601	198,773	4,969
Annuity	SA 37	2½ %	--	26,574	26,088	26,331	658
Accidental Death Benefits	DIT	3 %	--	15,558	23,831	19,694	591
Disability - Active Lives	---	3 %	--	47,611	48,663	48,137	1,444
Disability - Disabled Lives	---	3 %	--	3,062	4,962	4,012	120
Premium Reduction of Deferred Premiums	---	3 %	--	52,982	92,508	72,745	2,182
Non-Cancellable Accident and Health	CSO 41	2½ %	FPT	59,983	71,509	65,681	1,642
Non-Cancellable Accident and Health	CSO 41	3 %	FPT	---	788,169	394,085	11,823
				$9,615,473	$12,526,517	$10,570,995	338,283

SCHEDULE B
Line 14

STANDARD LIFE & ACCIDENT INSURANCE COMPANY

Increase in Reserves
Year ended December 31, 1961

	BALANCE 12/31/60	BALANCE 12/31/61	INCREASE (DECREASE)
Life - Schedule B, Part IV	$ 8,615,472	$12,526,517	$3,911,045
Dividend Accumulations - 810(c)(4)	918,675	1,280,451	361,776
Unearned Premiums	1,875,196	3,930,248	2,055,052
Unpaid Losses	878,207	1,260,362	382,155
Life Claims	50,692	81,466	30,774
Supplementary Contracts Without Life Contingency	10,300	20,609	10,309
	$12,348,542	$19,099,653	$6,751,111
Less Policyholders' Share of Investment Income			387,438
			$6,363,673

SCHEDULE B
Line 20

STANDARD LIFE & ACCIDENT INSURANCE COMPANY

Schedule of Other Deductions
Year ended December 31, 1961

Commissions	$ 4,734,860
Increase inLoading On & Cost of Collection in Excess of loading	72,139
* Amortization of Costs of Acquired Insurance Contracts	4,665,[illegible]
Taxes - Sub-Schedule E-1	28[illegible],482
Interest	56,659
Rent	100,256
Salaries & Wages	915,750
Contributions for Benefit Plans for Employees	15,582
Other Employee Welfare	35,946
Other Agent Welfare	64,538
legal Fees & Expenses	13,019
Medical Examination Fees	24,264
Inspection Report Fees	63,351
Fees of Public Accountants & Consulting Actuaries	3,774
Investigation & Settlement of Policy Claims	51,299
Travel	383,764
Advertising	59,074
Postage, Telephone & Telegraph	54,877
Printing & Stationery	74,675
Depreciation - Sub-Schedule E-2	64,444
Equipment Rental	86,643
Books & Periodicals	10,904
Bureau & Association Dues	2,905
Insurance - Except Real Estate	5,011
Miscellaneous Losses	11,961
Collection & Bank Service Charges	2,930
Agency Expense Allowance	86,885
Agents' Balances Charged Off	59,904
Agency Conferences Other Than Local Meetings	40,012
Insurance - Home Office Building	2,096
Utilities - Home Office	13,440
Maintenance & Repair - Home Office	12,808
Miscellaneous Investment Expense	8,783
Allocated to Investment Expense	(51,333)
	$12,043,748

* "This item represents the total payment made within the taxable year to Sellers of the stock of First National Life Insurance Company of America, a wholly-owned subsidiary liquidated soon after purchase and under Section 334(b) of the Code, such payments are allocable to the costs of acquiring the issued and outstanding insurance contracts. In the absence of a determinable purchase price for said subsidiary, the taxpayer has claimed the yearly payments made as representing a reasonable allowance for amortization in an amount equivalent to the payment in the taxable year, under the principles covered in Associated Patentees, Inc., 4 TC 979 (Acq.) and similar cases."

ANNUAL STATEMENT

OF THE

Standard Life and Accident Insurance Co.

of

OKLAHOMA CITY

in the

STATE OF OKLAHOMA

TO THE

Insurance Department

OF THE

STATE OF

_____

FOR THE YEAR ENDED
DECEMBER 31, 1958

1958

[EXHIBIT E]

ANNUAL STATEMENT

For the Year Ended December 31, 1958

OF THE CONDITION AND AFFAIRS OF THE

STANDARD LIFE AND ACCIDENT INSURANCE COMPANY

Organized under the Laws of the State of OKLAHOMA, made to the INSURANCE DEPARTMENT OF THE STATE OF

PURSUANT TO THE LAWS THEREOF

Incorporated December 28, 1948 Commenced Business December 28, 1948

Home Office 421 N. W. 13th Street (Street and Number), Oklahoma City 1, Oklahoma (City or Town, Zone Number and State)

Mail Address 421 N. W. 13th Street (Street and Number), Oklahoma City 1, Oklahoma (City or Town, Zone Number and State)

OFFICERS

President Leonard H. Savage

Secretary Jack D. Oliver

Treasurer Leonard H. Savage

Vice-Presidents J. I. Gibson; F. H. Petree

Actuary George Thomas (CONSULTING ACTUARY) G. Y. Koetch

DIRECTORS OR TRUSTEES

Byron V. Boone	F. H. Petree	
J. I. Gibson	Leonard H. Savage	
Ralph C. Beard	Royce H. Savage	
J. V. Hooley		
Jack D. Oliver		

State of Oklahoma, County of Oklahoma } ss:

Leonard H. Savage, President, Jack D. Oliver, Secretary, George Thomas, Actuary,

Leonard H. Savage, Treasurer* of the Standard Life and Accident Insurance Company, being duly sworn, each for himself deposes and says that they are the above described officers of the said insurer, and that on the thirty-first day of December last, all of the herein described assets were the absolute property of the said insurer free and clear from any liens or claims thereon, except as herein stated, and that this annual statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said insurer as of the thirty-first day of December last, and of its income and deductions therefrom for the year ended on that date, according to the best of their information, knowledge and belief, respectively.

Subscribed and sworn to before me this _____ day of _____, 1959

_____ President.

_____ Secretary.

_____ Actuary.

_____ Treasurer*.

*Or corresponding persons having charge of the accounts and finances of the insurer.

Note: The pages identified by the symbol (s) in this annual statement were reproduced by the John S. Swift Company from master forms copyright 1958 by the John S. Swift Company, Incorporated.

ASSETS

		DOLLARS	CENTS
1.	Bonds (Schedule D)	910,022.01	
2.	Stocks (Schedule D)	917,566.13	
3.	Mortgage loans on real estate (Schedule B)	3,797,644.45	
4.	Real estate (Schedule A)		
4.1	Properties occupied by the Company (less $ NONE encumbrances)	$ 579,834.93	
4.2	Properties acquired in satisfaction of debt (less $ NONE encumbrances)		
4.3	Investment real estate (less $ NONE encumbrances)	341,998.28	921,833.21
5.	Policy loans	121,103.36	
6.	Premium notes		
7.	Collateral loans (Schedule C)		
8.	Cash and bank deposits (Exhibit 13)	1,462,161.30	
9.			
10.			
10A.	Cash and invested assets $ 8,138,350.76 (Items 1 to 10)		
11.	Amounts recoverable from reinsurers (Schedule S)		
12.	Credit Deposit - Airlines	425.00	
13.	Deposits with other insurance companies	40,821.54	
14.			
15.			
16.			
17.	Life insurance premiums and annuity considerations deferred and uncollected	326,663.49	
18.	Accident and health premiums due and unpaid effective after September 30th of current year	366,322.98	
19.	Interest and other investment income due and accrued	30,971.39	
20.	Net adjustment in assets and liabilities due to foreign exchange rates		
21.	Cash value of life insurance on Company officer	34,862.74	
22.			
23.			
24.			
25.			
26.	TOTAL	9,038,419.90	

NOTE: The items on this page to agree with Exhibit 13, Col. 4.
State basis of valuation:

N. A. I. C. VALUATION OF SECURITIES

LIABILITIES, SURPLUS AND OTHER FUNDS

		DOLLARS	CENTS
1.	Aggregate reserve for life policies and contracts (Exhibit 8)	4,633,289.63	
2.	Aggregate reserve for accident and health policies (Exhibit 9, Part 1)	1,903,367.05	
3.	Supplementary contracts without life contingencies (Exhibit 10, Col. 5)		
4.	Policy and contract claims		
4.1	Life (Exhibit 11, Part 1)		
4.2	Accident and Health (Exhibit 9, Part 2)	836,459.74	
5.	Policyholders' dividend accumulations (Exhibit 10, Col. 6)	422,318.00	
6.	Policyholders' dividends due and unpaid		
7.	Provision for policyholders' dividends payable in following calendar year—estimated amounts:		
7.1	Apportioned for payment to December 31, 19 59 $ 61,615.00		
7.2	Not yet apportioned	61,615.00	
8.	Amount provisionally held for deferred dividend policies not included in Item 7		
9.	Premiums and annuity considerations received in advance less $ NONE discount; including $ NONE accident and health premiums	16,428.96	
10.	Liability for premium deposit funds	173,854.09	
11.	Policy and contract liabilities not included elsewhere:		
11.1	Surrender values on cancelled policies		
11.2			
11.3			
12.			
13.	Commissions to agents due or accrued - Life and Annuity $ ____ Accident and Health $ 37,953.78	37,953.78	
14.	General expenses due or accrued (Exhibit 5, Line 11)	31,119.74	
15.	Taxes, licenses and fees due or accrued (including $ 99,370.43 U. S. federal income tax) (Exhibit 6, Line 8)	335,036.97	
16.	"Cost of collection" on premiums and annuity considerations deferred and uncollected in excess of total loading thereon		
17.	Unearned investment income (Exhibit 3, Col. 2)	1,625.18	
18.	Amounts withheld or retained by company as agent or trustee	16,706.47	
19.	Amounts held for agents' account (including $ 19,795.33 agents' credit balances)	19,795.33	
20.	Remittances and items not allocated	34,499.76	
21.	Net adjustments in assets and liabilities due to foreign exchange rates		
22.	Liability for benefits for employees and agents if not included above		
23.	Borrowed money $ ____ and interest thereon $ ____		
24.	Dividends to stockholders declared and unpaid		
25.	Miscellaneous liabilities (give items and amounts)		
25.1	Mandatory securities valuation reserve	91,011.70	
25.2			
25.3			
25.4			
25.5			
25.6			
25.7			
25.8			
25.9			
26.	TOTAL LIABILITIES (Except Capital)	8,235,261.38	
27.	Special surplus funds:		
27.1	$ ____		
27.2			
27.3	$ ____		
28.	Capital paid-up 400,000.00		
29.	Unassigned surplus 403,158.52	403,158.52	
30.	Total of Items 27 to 29		
31.	TOTAL	9,038,419.90	

SUMMARY OF OPERATIONS
(ACCRUAL BASIS)

		DOLLARS CENTS
1.	Premiums and annuity considerations (Exhibit 1, Part 1)	
1.1	Life	4,139,399.13
1.2	Accident and health	9,274,352.77
2.	Considerations for supplementary contracts with life contingencies	
3.	Considerations for supplementary contracts without life contingencies and dividend accumulations	673,879.59
4.	Net investment income (Exhibit 2)	312,856.63
5.	Miscellaneous income	5,981.79
6.	Increase in amounts due from other companies	36,301.09
7.	TOTAL	14,442,771.00
	DEDUCT:	
8.	Death benefits	640,073.26
9.	Matured endowments	
10.	Annuity benefits	337.44
11.	Disability benefits	515.20
12.	Surrender benefits	53,086.95
12A.	Group conversions	
13.	Benefits under accident and health policies	4,117,423.47
14.	Interest on policy or contract funds	16,581.87
15.	Payments on supplementary contracts with life contingencies	
16.	Payment on supplementary contracts without life contingencies and of dividend accumulations	88,361.36
17.	Increase in aggregate reserve for policies and contracts with life contingencies	
18.	Increase in reserve for supplementary contracts without life contingencies and for dividend accumulations	1,601,037.63
19.	Increase in unearned premium reserves on accident and health policies	195,676.32
20.	Subtotal (Items 8 to 19)	6,713,091.70
21.	Commissions on premiums and annuity considerations	3,066,663.11
22.		
23.	General insurance expenses (Exhibit 5, Cols. 1 and 2, Line 13)	2,011,678.44
24.	Insurance taxes, licenses and fees (Exhibit 6, Cols. 1 and 2, Line 10)	319,858.42
25.	Increase in loading on and cost of collection in excess of loading on deferred and uncollected premiums	65,307.85
26.	Acquisition expenses of business acquired	1,736,565.11
26A.		
27.	Total (Items 20 to 26A)	13,911,144.63
28.	Net gain from operations before dividends to policyholders and excluding capital gains and losses (Item 7, minus Item 27)	531,626.37
29.	Dividends to life policyholders (Exhibit 7)	345,870.61
30.	Dividends on accident and health policies (Exhibit 7)	
31.	Increase in amount provisionally held for deferred dividend policies	
32.	TOTAL (Items 29 to 31)	345,870.61
33.	NET GAIN FROM OPERATIONS AFTER DIVIDENDS TO POLICYHOLDERS AND EXCLUDING CAPITAL GAINS AND LOSSES (Item 28 minus Item 32)	185,755.76

SURPLUS ACCOUNT

		DOLLARS CENTS			DOLLARS CENTS
34.	Special surplus funds December 31, previous year		43.	Dividends to stockholders	112,500.00
35.	Unassigned surplus December 31, previous year	325,189.07	44.		
36.			45.	Net capital losses (Exhibit 4, Col. 8)	
37.	Net gain (from Item 33)	185,755.76	46.	Increase in reserve on account of change in valuation basis	
38.	Net capital gains (Exhibit 4, Col. 6)	125,338.90	47.	Net loss from non-admitted and related items (Exhibit 14, Col. 3, Line 40)	65,517.92
39.	Surplus paid in		48.	Increase in mandatory securities valuation reserve	33,107.29
40.	Net gain from non-admitted and related items (Exhibit 14, Col. 3, Line 40)		49.	Special surplus funds December 31, current year (Item 27, page 3)	
41.	Decrease in mandatory securities valuation reserve		50.	Unassigned surplus December 31, current year (Item 29, page 3)	403,158.52
42.	TOTAL	636,283.73	51.	TOTAL	636,283.73

ANNUAL STATEMENT FOR THE YEAR 1958 OF THE STANDARD LIFE AND ACCIDENT INSURANCE COMPANY

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

(Gain and Loss Exhibit)

	Total (1)	Industrial Life (Including Total and Permanent Disability and Accidental Death Benefits) (2)	Ordinary: Life Insurance (3)	Ordinary: Total and Permanent Disability (4)	Ordinary: Accidental Death (5)	Ordinary: Individual Annuities (6)	Ordinary: Supplementary Contracts (7)	Group: Life Insurance (8)	Group: Annuities (9)	Accident and Health: Group (10)	Accident and Health: Individual (11)
1. Premiums and annuity considerations (Exhibit 1, Part 1)	13,413,751.90		3,019,442.61	34,983.04	24,138.48		X X X	1,060,835.02		1,790,153.17	7,484,199.60
2. Premiums for supplementary contracts with life contingencies			X X X	X X X	X X X	X X X				X X X	X X X
3. Premiums for supplementary contracts without life contingencies and dividend accumulations	673,879.59		673,879.59								
4. Net investment income (Exhibit 2)	312,856.63		297,049.85	704.04	592.92	210.89		14,298.93			
5. Miscellaneous Income	5,981.79		5,981.79								
6. Increase in amounts due from other companies	36,301.09		36,301.09								
7. Total	14,442,771.00		4,032,634.93	35,687.08	24,731.38	210.89		1,075,133.95		1,790,153.17	7,484,199.60
8. Death benefits	640,073.26		165,916.83	X X X	1,500.00	X X X		472,656.43	X X X	X X X	X X X
9. Matured endowments				X X X	X X X	X X X			X X X	X X X	X X X
10. Annuity benefits	337.44		X X X	X X X	X X X	337.44		X X X		X X X	X X X
11. Disability benefits	515.20		X X X	515.20	X X X					X X X	X X X
12. Surrender benefits	53,086.95		53,086.95	X X X	X X X	X X X			X X X	X X X	X X X
12A. Group conversions					X X X	X X X			X X X		
13. Benefits under accident and health policies	4,117,423.47	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	1,341,695.44	2,775,728.03
14. Interest on policy or contract funds	16,581.87		16,581.87								
15. Payments on supplementary contracts with life contingencies			X X X	X X X	X X X	X X X				X X X	X X X
16. Payments on supplementary contracts without life contingencies and of dividend accumulations	88,361.36		88,361.36								
17. Increase in aggregate reserve for policies and contracts with life contingencies	1,796,712.15		1,484,684.83	7,349.13	-8,170.33	-138.00		117,112.00		20,102.26	175,372.26
18. Increase in reserves for supplementary contracts without life contingencies and for dividend accumulations											
19.											
20. Subtotal (Items 8 to 19)	6,713,091.70		1,808,631.84	8,044.33	-6,670.33	199.44		589,768.43		1,361,797.70	2,951,300.29
21. Commissions on premiums and annuity considerations	3,066,643.11		901,476.76	8,175.44	5,872.31			353,153.18		282,244.99	1,515,720.43
22.											
23. General insurance expenses (Exhibit 3, Cols. 1 and 2, Line 13)	2,011,678.44		803,124.10	11,943.72	7,989.83			100,549.61		217,613.84	870,435.34
24. Taxes, licenses and fees (Exhibit 6, Cols. 1 and 2, Line 10)	319,858.42		23,508.96	231.88	173.67			5,210.18		44,251.27	244,482.46
25. Increase in loading on and cost of collection in excess of loading on deferred and uncollected premiums	65,307.85		62,560.94	736.79	490.92			1,499.20			1,736,565.11
26. Acquisition Expense of Business Acquired	1,736,565.11										
27. Total (Items 20 to 26)	13,911,144.63		3,601,302.60	29,196.16	7,850.40	199.44		1,050,180.58		1,905,907.80	7,316,503.65
28. Net gain from operations before dividends to policyholders and excluding capital gains and losses (Item 7 minus Item 27)	531,626.37		431,332.33	6,492.92	16,874.98	11.45		24,953.37		-145,619.32	197,560.64
29. Dividends to life policyholders (Exhibit 7)	345,870.61		345,870.61							X X X	X X X
30. Dividends on accident and health policies (Exhibit 7)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X
31. Increase in amounts provisionally held for deferred dividend policies											
32. Total (Items 29 to 31)	345,870.61		345,870.61								
33. Net gain from operations after dividends to policyholders and excluding capital gains and losses (Item 28 minus Item 32)	185,755.76		85,461.72	6,492.92	16,874.98	11.45		24,953.37		-145,619.32	197,560.64

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Form 1

ANNUAL STATEMENT FOR THE YEAR 1958 OF THE STANDARD LIFE AND ACCIDENT INSURANCE COMPANY

(Name of Every Home)

99

ANALYSIS OF INCREASE IN RESERVES DURING THE YEAR

(Gain and Loss Exhibit)

	TOTAL (1)	INDUSTRIAL LIFE (Including Total and Permanent Disability and Accidental Death Benefits) (2)	ORDINARY					GROUP	
			Life Insurance (3)	Total and Permanent Disability (4)	Accidental Death Benefits (5)	Individual Annuities (6)	Supplementary Contracts (7)	Life Insurance (8)	Annuities (9)
1. Reserve Dec. 31 of previous year	3,236,570.00		2,991,856.00	12,190.00	17,530.00	4,851.00		230,143.00	
2. Tabular net premiums or considerations	2,280,939.00		1,719,313.00	16,791.00	13,317.00			531,313.00	
3. Considerations for supplementary contracts without life contingencies and dividend accumulations	700,182.00		700,182.00						
4. Present value of disability claims incurred	2,194.57		X X X	2,194.57	X X X		X X X		
5. Tabular interest	147,111.00		131,143.00	1,362.00	606.00	141.00		13,859.00	
6. Tabular less actual reserve released	38.44	X X X	X X X		X X X	38.44			
7. Increase in reserve on account of change in valuation basis									
8. Other increases (net)									
9. TOTALS (Items 1 to 8)	6,367,055.01		5,342,496.00	32,538.57	31,453.00	5,050.44		775,317.00	
10. Tabular cost	1,256,356.01		807,393.17	12,284.44	8,817.00		X X X	428,062.00	
11. Reserves released by death	21,147.00		21,147.00	X X X	X X X	X X X	X X X		X X X
12. Reserves released by other terminations (net)	162,330.33		149,034.00		13,476.33				
13. Annuity, supplementary contract, disability and accumulated dividend payments	89,213.44		88,361.00	515.00		337.44			
14. TOTAL DEDUCTIONS (Items 10 to 13)	1,529,447.38		1,065,933.17	12,799.44	22,293.33	337.44		428,062.00	
15. Reserve Dec. 31 of current year	4,837,607.63		4,476,562.83	19,739.13	9,159.67	4,713.00		347,255.00	

Form 1

ANNUAL STATEMENT FOR THE YEAR 1958 OF THE STANDARD LIFE AND ACCIDENT INSURANCE COMPANY

(Full or Exact Name)

EXHIBIT 1

		TOTAL (1)	INDUSTRIAL LIFE (Including Total and Permanent Disability and Accidental Death Benefits) (2)	ORDINARY: Life Insurance (3)	ORDINARY: Total and Permanent Disability (4)	ORDINARY: Additional Accidental Death (5)	ORDINARY: Individual Annuities (6)	GROUP: Life Insurance (7)	GROUP: Annuities (8)	ACCIDENT AND HEALTH: Group (9)	ACCIDENT AND HEALTH: Individual (10)	
	PART 1—Premiums and Annuity Considerations (Gross, Less Reinsurance)											
CURRENT YEAR	FIRST YEAR (Other Than Single)											
	1. Uncollected	25,929.62		23,884.00	39.56	-13.94						1.
	2. Deferred	206,876.31		203,338.47	1,829.84	1,688.00						2.
	3. Line 1 + Line 2	232,805.93		229,242.47	1,889.40	1,674.06						3.
	4. Advance											4.
	5. Line 3 — Line 4	232,805.93		229,242.47	1,889.40	1,674.06						5.
	6. Collected during year	1,145,180.97		1,128,759.71	9,497.60	6,923.86						6.
	7. Line 5 + Line 6	1,377,986.90		1,358,002.18	11,386.80	8,597.92						7.
	8. Previous year (uncollected + deferred — advance)	178,421.03		174,568.60	2,319.90	1,333.53						8.
	9. First year premiums and considerations Line 7 — Line 8	1,199,565.87		1,183,433.58	8,867.90	7,264.39		INCLUDED IN RENEWAL				9.
	SINGLE											
	10. Single premiums and considerations	825,217.45						603,626.78		221,590.67		10.
	RENEWAL											
CURRENT YEAR	11. Uncollected	446,020.56		87,864.46	1,491.49	1,075.57		109,266.06		94,145.36	172,177.62	11.
	12. Deferred	401,827.02		396,313.57	4,496.32	3,016.93						12.
	13. Line 11 + Line 12	847,847.58		484,178.03	5,988.01	4,092.50		109,266.06		94,145.36	172,177.62	13.
	14. Advance	16,428.96		14,912.99	159.09	129.81		1,227.05				14.
	15. Line 13 — Line 14	831,418.66		467,265.04	5,828.92	3,962.69		108,039.01		94,145.36	172,177.62	15.
	16. Collected during year	11,083,128.75		1,711,603.32	23,919.18	16,922.11		427,098.68		1,506,233.98	7,398,251.48	16.
	17. Line 15 + Line 16	11,914,547.39		2,178,868.36	29,748.10	20,884.80		535,137.69		1,600,379.34	7,570,429.10	17.
	18. Previous year (uncollected + deferred — advance)	345,378.81		342,859.33	3,632.96	3,110.73		77,929.43		31,816.84	86,229.50	18.
	19. Renewal premiums and considerations Line 17 — Line 18	11,388,968.58		1,836,009.03	26,115.14	18,674.07		457,208.26		1,568,562.50	7,484,199.60	19.
	TOTAL											
	20. Total premiums and annuity considerations Lines 9, 10 and 19 (to agree with Item 1, Page 4)	13,413,751.90		3,019,442.61	34,983.04	26,138.46		1,060,835.02		1,790,153.17	7,484,199.60	20.
	PART 2—Dividends Applied, Reinsurance Ceded and Commissions Incurred											
	DIVIDENDS APPLIED (Included in Part 1)											
	21. To pay renewal premiums (Exhibit 7, Line 1)	103,496.13		103,496.13								21.
	22. All other (Exhibit 7, Lines 2, 3 and 4)	376.30		376.30								22.
	REINSURANCE CEDED (Deducted in Part 1)											
	23. First year (other than single)	19,742.59		18,751.71	393.42	397.46						23.
	24. Single											24.
	25. Renewal	96,356.94		68,297.39	3,888.02	5,268.14		4,479.40		512.05	13,911.94	25.
	COMMISSIONS INCURRED											
	26. First year (other than single)	806,871.99		795,301.89	6,691.68	4,878.42						26.
	27. Single	336,533.18						336,533.18				27.
	28. Renewal	1,923,237.94		106,174.87	1,483.76	993.89		16,619.98		282,344.99	1,515,720.45	28.
	29. Total (to agree with Item 21, Page 5)	3,066,643.11		901,476.76	8,175.44	5,872.31		353,153.16		282,344.99	1,515,720.45	29.

EXHIBIT 2—NET INVESTMENT INCOME
(Accrual Basis)

	DOLLARS	CENTS
1. Total interest, dividends and real estate income (Exhibit 3, Col. 7, Line 10)	359,542.15	
2. Investment expenses (Exhibit 5, Col. 3, Line 13)	32,465.26	
3. Taxes, licenses and fees (Exhibit 6, Col. 3, Line 10)	8,220.26	
4. Depreciation on real estate	6,000.00	
5.		
6. TOTAL (Lines 2 to 5 inclusive)	46,685.52	
7. NET INVESTMENT INCOME — Line 1 less Line 6 (to Item 4, Page 4)	312,856.63	
8. Ratio of net investment income to mean assets (see instructions)	4.41	%
9. Ratio of net investment income to mean assets before federal income tax, if any, included in line 3	4.41	%

EXHIBIT 3—INTEREST, DIVIDENDS AND REAL ESTATE INCOME

	COLLECTED DURING YEAR (1)	CURRENT YEAR: UNEARNED (2)	CURRENT YEAR: DUE (3)	CURRENT YEAR: ACCRUED (4)	CURRENT YEAR: NON-ADMITTED (5)	PREVIOUS YEAR (2)+(4)−(3)−(5) (6)	EARNED DURING YEAR (1)−(2)+(3)+(4)−(5)−(6) (7)
1. Interest on bonds	34,376.68			13,134.13		8,441.96	39,068.85
2. *Dividends on stocks	17,811.45						17,811.45
3. Interest on mortgage loans	148,085.42			17,837.26		11,581.45	154,341.23
4. Real estate income	81,736.82						81,736.82
5. Interest on premium notes, policy loans and liens	6,044.59	1,625.18				-771.99	5,211.40
6. Interest on collateral loans							
7. Interest on bank, other deposits, investments	61,372.38						61,372.38
8.							
9.							
10. TOTALS	349,447.36	1,625.18	NONE	30,971.39	NONE	19,251.40	359,542.15

*Includes $ 1,226.66 accrual of discount less $ 279.77 amortization of premium and less $ 634.26 paid for accrued interest on purchases.
†Includes $ NONE paid for accrued dividends on purchases.
**Includes $ 16,996.65 accrual of discount less $ NONE amortization of premium and less $ 3,474.75 paid for accrued interest on purchases.
***Includes $ 70,000.00 for company's occupancy of its own buildings; and excludes $ NONE interest on encumbrances.

Bonds	NONE
Stocks	NONE
Collateral loans	NONE
Mortgage loans	NONE
Real estate	NONE
Bank deposits	NONE

*EXHIBIT 4—CAPITAL GAINS AND LOSSES ON INVESTMENTS

	INCREASE IN BOOK VALUE (1)	PROFIT ON SALE OR MATURITY (2)	DECREASE IN BOOK VALUE (3)	LOSS ON SALE OR MATURITY (4)	NET GAIN (+) OR LOSS (−) FROM CHANGE IN DIFFERENCE BETWEEN BOOK AND ADMITTED VALUES (5)	NET GAINS (+) OR LOSSES (−) (1)+(2)−(3)−(4)+(5) (6)
1. Bonds				1,250.00	(a) 9,777.55	(a) 8,527.55
2. Stocks		2,371.25			(a) 116,440.10	(a) 118,811.35
3. Mortgage loans						
4. Real estate						
5. Premium notes, policy loans and liens						
6. Collateral loans						
7. Cash and bank deposits						
8. Foreign exchange						
9.						
10. TOTALS		2,371.25		1,250.00	(a) 126,217.65	(a) 125,338.90
DISTRIBUTION OF LINE 10, COL. (6). (Attach statement or memorandum explaining basis of division).						
11. Net realized capital gains (+) or losses (−) on assets disposed of during the year $ (a) 1,371.25, less $ NONE reflected in previous years' statements						(a) 1,371.25
12. Net unrealized capital gains (+) or losses (−) of the year						(a) 126,217.65

*Adjustments due to amortization to be reported in Exhibit 3.
**Including $ 6,000.00 depreciation on real estate as listed in Exhibit 3, Line 6.

EXHIBIT 5—GENERAL EXPENSES

	INSURANCE: LIFE (1)	INSURANCE: ACCIDENT AND HEALTH (2)	INVESTMENT (3)	TOTAL (4)
1. Rent	99,979.43	49,886.24		149,865.67
2. Salaries and wages	331,603.15	475,231.53		806,834.68
3.11 *Contributions for benefit plans for employees				
3.12 *Contributions for benefit plans for agents				
3.21 Payments to employees under non-funded benefit programs				
3.22 Payments to agents under non-funded benefit programs				
3.31 Other employee welfare	683.77	1,025.66		1,709.43
3.32 Other agent welfare				
3.4				
4.1 Legal fees and expenses	326.43	979.30		1,305.73
4.2 Medical examination fees	16,580.37			16,580.37
4.3 Inspection report fees	35,488.39	6,559.56		42,047.95
4.4 Fees of public accountants and consulting actuaries	4,887.50	862.50		5,750.00
4.5 Expense of investigation and settlement of policy claims	6,140.93	55,482.80		61,623.73
4.6				
5.1 Traveling expenses	101,866.40	301,704.06		403,570.46
5.2 Advertising	20,307.15	9,313.76		29,620.91
5.3 Postage, express, telegraph and telephone	33,448.01	57,339.52		90,787.53
5.4 Printing and stationery	48,597.28	72,054.23		120,651.51
5.5 Cost or depreciation of furniture and equipment	34,556.49	4,037.66		38,594.15
5.6 Rental of equipment	27,836.76	1,956.51		29,793.27
5.7 Federal Employees Group Expenses	4,769.28			4,769.28
6.1 Books and periodicals	8,577.06	2,859.02		11,436.08
6.2 Bureau and association dues	9,859.22	1,739.87		11,599.09
6.3 Insurance, except on real estate	4,259.21	7,909.95		12,169.16
6.4 Miscellaneous losses				
6.5 Collection and bank service charges	1,699.26	1,132.84		2,832.10
6.6 Sundry general expenses	27,988.06	14,299.67		42,287.73
6.7 Group service and administration fees				
6.8				
7.1 Agency expense allowance				
7.2 Agents' balances charged off (less $ NONE recovered)	28,916.61	9,638.21		38,554.82
7.3 Agency conferences other than local meetings	31,937.40			31,937.40
8.1 Agents' bonuses	31,272.13	9,332.61		40,604.74
8.2				
9.1 Real estate expenses			32,465.26	32,465.26
9.2 Investment expenses not included elsewhere				
9.3				
10. GENERAL EXPENSES PAID	921,796.27	1,083,693.50	32,465.26	2,037,955.03
11. General expenses unpaid December 31, current year	(To Line 37.1, Exhibit 11) 11,545.47	(To Line 37.2, Exhibit 11) 19,574.37	(To Line 37.3, Exhibit 11)	31,119.84
12. General expenses unpaid December 31, previous year	9,732.43	16,598.64		26,331.07
13. General expenses incurred during year (10+11—12)	923,609.26	1,086,669.18	32,465.26	2,042,743.80
	To Line 32, Page 4		To Line 1, Exhibit 2	

A. Compensation to agents on a plan other than commissions, included in Col. (1): First year $ NONE, Renewal $ NONE
B. Agency supervision, except Home Office, included in Col. (1): Line 2 $ NONE, Line 3.1 $ NONE, Line 5 $
C. Branch office expenses other than those in A and B included in Col. (1): Line 1 $ NONE, Line 2 $ NONE, All other lines $ NONE

*These items include $ on account of prior service.

EXHIBIT 6—TAXES, LICENSES AND FEES

	INSURANCE: LIFE (1)	INSURANCE: ACCIDENT AND HEALTH (2)	INVESTMENT (3)	TOTAL (4)
1. Real estate taxes			7,952.19	7,952.19
2. State insurance department licenses and fees	5,377.41	8,679.47		14,056.88
3. State taxes on premiums	61,036.72	80,950.69		141,985.41
4. Other state taxes, incl. $ 5,805.53 Social Security	4,961.16	6,834.66		11,795.82
5.1 U. S. federal income tax	3,533.76	86,108.19		89,641.95
5.2 Other U. S. federal taxes, incl. $ 20,473.43 Social Security	9,221.65	14,083.29		23,304.94
6. All other taxes				
TAXES, LICENSES AND FEES PAID	86,114.72	196,676.30	7,952.19	288,743.21
8. Taxes, licenses and fees unpaid December 31, current year	(To Line 38.1, Exhibit 11) 78,111.69	(To Line 38.2, Exhibit 11) 252,652.64	(To Line 38.3, Exhibit 11) 4,273.64	335,038.97
9. Taxes, licenses and fees unpaid December 31, previous year	131,031.52	160,815.01	4,004.97	295,701.50
10. Taxes, licenses and fees incurred during year (7+8—9)	33,194.89	288,513.93	8,220.26	328,078.68
	To Line 33, Page 4		To Line 2, Exhibit 2	

NOTE: Censuses and other foreign taxes are included appropriately on Lines 1, 2, 3, 4 and 6.

EXHIBIT 7—DIVIDENDS TO POLICYHOLDERS

	LIFE	ACCIDENT AND HEALTH
1. Applied to pay renewal premiums	103,496.13	
2. Applied to shorten the endowment or premium-paying period	376.30	
3. Applied to provide paid-up additions		
4. Applied to provide paid-up annuities		
5. TOTAL LINES 1-4	103,872.43	
6. Paid in cash	27,887.98	
7. Left on deposit with the company	188,795.20	
8.		
9. TOTAL LINES 5-8	320,555.61	
10. Amount due and unpaid (Item 8, page 3)		
11. Provision for annual dividend policies, including $ None terminal dividends (Item 2, page 3, in part)	61,615.00	
12. Provision for deferred dividend policies (Item 7, page 3, in part)		
13. [illegible]	34,615.00	
14. Line 12 of prior year	36,560.00	
15. Increase (Decrease) in Policy Dividends (Lines 9+13−14)	365,870.61	
	(To Item 22, Page 6)	(To Item 30, Page 6)

EXHIBIT 8—AGGREGATE RESERVE FOR LIFE POLICIES AND CONTRACTS

Valuation Standard (Indicate mortality and interest basis and valuation method by years of issue and in the case of annuities indicate whether immediate, deferred or both) (1)	Total (2)	Industrial (3)	Ordinary (4)	Group (5)
A. Life Insurance:				
1. Amer. Exp. 3½% (1944-1958) Illinois Std.	2,381,611.00		2,381,611.00	
2. Amer. Exp. 3% (1949-1957) Net Level Premium	82,956.00		82,956.00	
3. Comm. Std. Ord. 3½% (1957-) CRVM	1,122.00		1,122.00	
4. Comm. Std. Ord. 3% (1951-) CRVM	1,607,037.00		1,607,037.00	
5. Comm. Std. Ord. 2½% (1941-) CRVM	383,899.00		36,644.00	347,255.00
6.				
7.				
8.				
9.				
10.				
11.				
12.				
13.				
14.				
15.				
16.				
17.				
18.				
19.				
20.				
21.				
22.				
23. Total (Gross)	4,456,625.00		4,109,370.00	347,255.00
24. Reinsurance	77,906.00		77,906.00	
25. Total (Net)	4,378,719.00		4,031,464.00	347,255.00
B. Annuities (excluding supplementary contracts with life contingencies):				
1. 1937 Std. Ann. (Mod.) 2½%	4,713.00	X X X	4,713.00	
2.		X X X		
3.		X X X		
4.		X X X		
5.		X X X		
6.		X X X		
7.		X X X		
8.		X X X		
9.		X X X		
10.		X X X		
11.		X X X		
12.		X X X		
13.		X X X		
14.		X X X		
15.		X X X		
16.		X X X		
17.		X X X		
18.		X X X		
19.		X X X		
20.		X X X		
21.		X X X		
22.		X X X		
23. Total (Gross)	4,713.00	X X X	4,713.00	
24. Reinsurance		X X X		
25. Total (Net)	4,713.00	X X X	4,713.00	
C. Supplementary Contracts With Life Contingencies:				
1.				
2.				
3.				
4.				
5. Total (Gross)				
6. Reinsurance				
7. Total (Net)				
D. Accidental Death Benefits:				
1. 1926-1933 Double Indemnity Table, 3%	13,952.24		13,952.24	
2.				
3.				
4.				
5. Total (Gross)	13,952.24		13,952.24	
6. Reinsurance	4,592.57		4,592.57	
7. Total (Net)	9,359.67		9,359.67	
E. Disability—Active Lives:				
1. 1926 Class (3) Table, 3% (150% Mod.)	20,295.00		20,295.00	
2.				
3.				
4.				
5.				
6.				
7. Total (Gross)	20,295.00		20,295.00	
8. Reinsurance	2,750.44		2,750.44	
9. Total (Net)	17,544.56		17,544.56	
F. Disability—Disabled Lives:				
1. 1926 Class (3) Table, 3% (150% Mod.)	2,796.57		2,796.57	
2.				
3.				
4.				
5.				
6.				
7. Total (Gross)	2,796.57		2,796.57	
8. Reinsurance	600.00		600.00	
9. Total (Net)	2,196.57		2,196.57	

EXHIBIT 8—AGGREGATE RESERVE FOR LIFE POLICIES AND CONTRACTS (Continued)

Valuation Standard (Indicate mortality and interest basis and valuation method by years of issue) (1)	Total (2)	Industrial (3)	Ordinary (4)	Group (5)
G. Miscellaneous Reserves:				
1. For excess of valuation net premiums over corresponding gross premiums on respective policies computed according to the standard of valuation required by this state	22,758.83		22,758.83	
2. For non-deduction of deferred fractional premiums or return of premiums at the death of the insured				
3. For surrender values in excess of reserves otherwise required and carried in this schedule				
4.				
5.				
6.				
7. Total (Gross)	22,758.83		22,758.83	
8. Reinsurance				
9. Total (Net)	22,758.83		22,758.83	
H. Grand Total (Net)—Item 1, Page 3	4,435,289.63		4,088,034.63	347,255.00

EXHIBIT 8A—CHANGES IN BASES OF VALUATION DURING THE YEAR
(Including supplementary contracts set up on a basis other than that used to determine benefits)

	Description of Valuation Class	Valuation Bases: Changed from	Valuation Bases: Changed to	Increase in Actuarial Reserves Due to Change
1.	NONE			
2.				
3.				
4.				
5.				
6.				
7.	Total (to agree with Item 7, Page 6)			

GENERAL INTERROGATORIES

1. Has the company ever issued both participating and non-participating policies? Answer: Yes
2. Does the company at present issue both participating and non-participating policies? Answer: Yes
If not, state which kind is issued.
Answer: . . .
3. State the amount of insurance, if any, on which the gross premiums are less than the net premiums according to the standard of valuation required by this State.
Answer: $ None
The additional reserve to cover deficiencies in gross premiums must be included in Exhibit 8. If not reported in G, 1 above, state amount: $ Not Applicable
4. Does the Company waive deduction of deferred fractional premiums at death on any of its insurance?
Answer: Yes, on C,S,O, issues

5. State the amounts of insurance in force under each of the following plans:

	Non-Participating	Participating: Annual Div.	Participating: Def. Div.
Industrial	None	None	None
Ordinary	$ 21,014,986	$96,836,535	None
Group	111,708,415	None	None
Totals	132,723,401	96,836,535	

6. Is any surrender value promised in excess of the reserve as legally computed? Answer: No If so, the amount of such excess must be included in C,3 above. Has this been done? Answer:

7. Attach statement of methods employed in the valuation of policies issued at, or subsequently subject to, an extra premium or in the valuation of policies where war or aviation risks excluded as substandard in the plan of contract issued or on special class lives continuing past age 70 as insurance.
8. Has the company any assessments or impaired premium policies in force?
Answer: No If so, state:
Amount of insurance $
Amount of reserve $
Basis of reserve:
Basis of regular assessments:
Basis of special assessments:
Assessments collected during year $

EXHIBIT 9—AGGREGATE RESERVE AND POLICY CLAIM LIABILITY FOR ACCIDENT AND HEALTH POLICIES

	Total (1)	Group Accident and Health (2)	Individual Policies: Accident Only (3)	Individual Policies: Accident and Health (4)	Individual Policies: Non-Cancellable Accident and Health (5)	Individual Policies: Hospital and Medical Expense (6)
PART 1—Aggregate Reserve						
1. Unearned premium reserve	1,912,931.15	118,812.17	782,609.24	10,165.63		1,001,344.11
2. Additional reserves for guaranteed renewable policies						
3. Present value of amounts not yet due on claims						
4. Reserve for future contingent benefits (deferred maternity and other similar benefits)						
5.						
6.						
7. Total (Gross)	1,912,931.15	118,812.17	782,609.24	10,165.63		1,001,344.11
8. Reinsurance	9,384.10		2,245.32	7,138.98		
9. Total (Net) (to Item 2, Page 3)	1,903,547.05	118,812.17	780,364.12	3,026.65		1,001,344.11
PART 2—Policy Claim Liability End of Current Year						
1. Due and unpaid	636,459.74	206,802.15	108,018.77	5,976.61		313,644.21
2. In course of settlement						
3. Incurred but unreported (less reinsurance)						
4. Total	636,459.74	206,802.15	108,018.77	5,976.61		313,644.21
5. Less reinsurance on reported claims (Schedule S)						
6. Net Liability (to Item 4.2, Page 3)	636,459.74	206,802.15	108,018.77	5,976.61		313,644.21

Exclude portion of liability applicable to annuity "accrued" payments. Reserve for unaccrued payments appears in Item 2, Page 3 (see Part 1).

EXHIBIT 10—SUPPLEMENTARY CONTRACTS WITHOUT LIFE CONTINGENCIES AND DIVIDEND ACCUMULATIONS

	Valuation Rate (1)	Contract Rate or Rates (2)	Supplementary Contracts without Life Contingencies: Present Value of Amounts Not Yet Due (3)	Supplementary Contracts without Life Contingencies: Amounts Left on Deposit (4)	Supplementary Contracts without Life Contingencies: Totals (5)	Dividend Accumulations (6)
1.	3 1/2%	3 1/2%				422,318.00
2.						
3.						
4.						
5.						
6.						
7.	Totals (to per Items 3 and 5, Page 3)					422,318.00

Enter rate(s) used or state corresponding to each valuation rate.

EXHIBIT 11—POLICY AND CONTRACT CLAIMS FOR OTHER THAN ACCIDENT AND HEALTH POLICIES

PART 1—Liability End of Current Year

	Total (1)	Industrial Life (Excluding Total and Permanent Disability and Accidental Death Benefits) (2)	Ordinary: Life Insurance (3)	Ordinary: Total and Permanent Disability (4)	Ordinary: Additional Accidental Death (5)	Ordinary: Individual Annuities (6)	Ordinary: Supplementary Contracts (7)	Group: Life Insurance (8)	Group: Annuities (9)
1. Due and unpaid									
2. In course of settlement:									
2.1 Resisted				NONE					
2.2 Other									
3. Incurred but unreported (less reinsurance)									
4. Total									
5. Less reinsurance on reported claims (Schedule S)									
6. Net Liability (Column 1 to Item 4.1, Page 3)		*	**						

*Including matured endowments unpaid amounting to $ **Including matured endowments unpaid amounting to $
This net reserve portion of liability applicable to assumed "accrued" payments. Reserve for unaccrued payments $ appears on Item 1, Page 3. (See Exhibit 8, Section F.)

PART 2—Incurred During the Year

	Total (1)	Industrial Life (Excluding Total and Permanent Disability and Accidental Death Benefits) (2)*	Ordinary: Life Insurance (3)**	Ordinary: Total and Permanent Disability (4)	Ordinary: Additional Accidental Death (5)	Ordinary: Individual Annuities (6)	Ordinary: Supplementary Contracts (7)	Group: Life Insurance (8)	Group: Annuities (9)
1. Settlements during the year	648,723.90		173,416.83	615.20	1,500.00	337.44		472,656.43	
2. Deduct reinsurance	7,800.00		7,500.00	300.00					
3. Net settlements (Line 1 minus Line 2)	640,923.90		165,916.83	315.20	1,500.00	337.44		472,656.43	
4. Net liability December 31, current year from Part 1									
5. Amounts recoverable from reinsurers December 31, previous year									
6. Line 3 plus Line 4 plus Line 5	640,923.90		165,916.83	315.20	1,500.00	337.44		472,656.43	
7. Net liability December 31, previous year									
8. Amounts recoverable from reinsurers December 31, current year (Schedule S)									
9. Line 7 plus Line 8									
10. Net Incurred Claims (Line 6 minus Line 9)	640,923.90	NONE	165,916.83	315.20	1,500.00	337.44		472,656.43	

*Including matured endowments amounting to $ NONE in Line 1 and $ NONE in Line 10. **Including matured endowments amounting to $ NONE in Line 1 and $ NONE in Line 10.
†Excess sum of Lines 10.1, 17 and 21, Exhibit 12, includes $ 315.20 premiums waived under total and permanent disability benefits.

EXHIBIT 12—RECONCILIATION OF LEDGER ASSETS

			DOLLARS	CENTS
INCREASES IN LEDGER ASSETS				
1.	Premiums on life policies and annuity considerations (see Exhibit 1, Part 1)			3,927,451.04
2.	Accident and health cash premiums, including $ ..... policy, membership and other fees			9,126,076.13
3.	Consideration for supplementary contracts with life contingencies			
4.	Consideration for supplementary contracts without life contingencies including $ ..... disability and coupons			
5.	Dividends left with the Company to accumulate at interest			673,879.59
6.	Interest, dividends and real estate income (Exhibit 3, Column 1)			349,447.34
7.	Increase of paid-up capital during the year			
8.	From other sources (give items and amounts):			
8.1	Increase in Suspense Accounts			35,283.59
8.2	Increase in Reserve for Taxes Withheld from Salaries			377.20
8.3				
9.	Borrowed money gross $ ....., less amount repaid $			
10.	Miscellaneous Income			451.00
11.				
12.				
13.	From sale or maturity of ledger assets (Exhibit 4, Column 2)			2,371.25
14.	By adjustment in book value of ledger assets (Exhibit 4, Column 1)			
15.	TOTAL INCREASES IN LEDGER ASSETS			14,115,337.14
DECREASES IN LEDGER ASSETS				
16.	Policy and contract claims:			
16.1	Life (see Exhibit 11, Part 2)	640,588.46		
16.2	Accident and health	3,995,073.02		
17.	For annuities with life contingencies, excluding payments on supplementary contracts (including cash refund payments)	337.44		
18.	Premium notes and liens voided by lapse, less $ ..... restorations			
19.	Surrender values	53,886.95		
19A.	Group conversions			
19B.	Interest on policy or contract funds	16,660.44		
20.	Dividends to policyholders:			
20.1	Life insurance and annuities (Exhibit 7)	320,755.61		
20.2	Accident and health (Exhibit 7)			
21.	TOTAL PAID POLICYHOLDERS			5,026,681.92
22.	Paid for claims on supplementary contracts:			
22.1	With life contingencies			
22.2	Without life contingencies			
23.	Dividends and interest thereon held on deposit disbursed during the year			88,341.36
24.				
25.				
26.	Commissions to agents (less commissions on reinsurance):			
26.1	Life insurance and annuities (including $ ..... commuted commissions)	1,268,877.67		
26.2	Accident and health (including $ ..... commuted commissions)	1,760,011.66		
26.3	Policy, membership and other fees retained by agents			3,028,889.33
27.	General expenses (Exhibit 5, Line 10):			
27.1	Life insurance and annuities	772,796.27		
27.2	Accident and health	1,232,093.50		
27.3	Investment	32,465.26		2,037,355.03
28.	Taxes, licenses and fees (Exhibit 6, Line 7):			
28.1	Life insurance and annuities	84,136.72		
28.2	Accident and health	196,676.30		
28.3	Investment	7,952.19		288,743.21
29.	Decrease of paid-up capital during the year			
30.	Paid stockholders for dividends (cash $ 112,500.00, stock $ .....)			112,500.00
31.	Borrowed money repaid gross $ ..... less amount borrowed $			
32.	Interest on borrowed money			
33.	Decrease in Advance-premium Deposit Fund			3,966.18
34.	Acquisition Expense of Business Acquired			1,736,565.11
35.				
36.	From sale or maturity of ledger assets (Exhibit 4, Column 4)			1,250.00
37.	By adjustment in book value of ledger assets (Exhibit 4, Column 3 and Exhibit 2, Line 4)			6,000.00
38.	TOTAL DECREASES IN LEDGER ASSETS			12,327,912.14
RECONCILIATION BETWEEN YEARS				
39.	Amount of ledger assets December 31st of previous year			6,655,068.37
40.	Increase (+) or decrease (—) in ledger assets during the year (Line 15 minus Line 38)			1,787,425.00
41.	TOTAL LEDGER ASSETS DECEMBER 31ST OF CURRENT YEAR			8,262,673.37

EXHIBIT 13 - ASSETS

		Ledger Assets (1)	Non-Ledger Assets (2)	Assets Not Admitted (3)	Net Admitted Assets (4)
1.	Bonds	911,764.47	6,257.54		918,022.01
2.	Stocks	814,215.33	103,370.90		917,586.23
3.	Mortgage loans on real estate:				
3.1	First liens	3,797,644.43			3,797,644.43
3.2	Other than first liens				
4.	Real estate (less $ NONE encumbrances):				
4.1	Properties occupied by the company	579,834.93			579,834.93
4.2	Properties acquired in satisfaction of debt				
4.3	Investment real estate	341,998.28			341,998.28
5.	Policy loans	121,103.56			121,103.56
6.	Premium notes (including $ ..... for first year premiums)				
7.	Collateral loans				
8.	Cash and bank deposits:				
8.1	Cash in company's office	2,413.10			2,413.10
8.2	Deposits in banks and trust companies (Schedule E)	1,459,748.20			1,459,748.20
9.	Credit Deposit - Airlines	425.00			425.00
10.	Deposits with Other Insurance Companies	5,000.00	55,821.34		60,821.34
11.	Amounts recoverable from reinsurers				
12.	Other assets (give items and amounts):				
12.1	Agents' balances (debt $ 170,963.06 credit $ 19,795.33)	151,149.71		151,149.71	-0-
12.2	Bills receivable				-0-
12.3	Furniture and equipment				-0-
12.4	Cash advanced to or in hands of officers or agents	1,200.00		1,200.00	-0-
12.5	Loans on personal security, endorsed or not				-0-
12.6	Company Owned Automobiles	55,976.34		55,976.34	-0-
13.					
14.					
15.					
16.					
17.	Life insurance premiums and annuity considerations deferred and uncollected on in force Dec. 31st of current year (less reinsurance premiums):				
17.1	Industrial uncollected (excluding $ ..... loading) NONE				
17.2	Ordinary deferred and uncollected—New business (excluding $ 168,360.17 loading) 64,465.78				
17.3	Ordinary deferred and uncollected—Renewal (excluding $ 103,680.90 loading) 388,577.66				
17.4	Group life deferred and uncollected (excluding $ 35,643.97 loading) 73,622.09				
17.5	Group annuity uncollected (excluding $ ..... loading) NONE				
17.6	TOTAL (to Col. 2)		326,665.49		326,665.49
18.	Accident and health premiums due and unpaid		266,322.98		266,322.98
19.	Interest and real estate income due and accrued:				
19.1	Interest due and accrued		30,971.39		30,971.39
19.2	Real estate income due and accrued				
19.3					
20.	Net adjustment in assets and liabilities due to foreign exchange rates				
21.	CASH VALUE OF LIFE INSURANCE ON COMPANY OFFICER		34,862.34		34,862.34
22.					
23.					
24.					
25.					
26.	TOTALS	8,342,473.37	1,006,272.58	208,326.05	9,033,619.90

EXHIBIT 14—ANALYSIS OF NON-ADMITTED ASSETS AND RELATED ITEMS
(Excluding Investment Adjustments Not Listed)

		End of Previous Year (1)	End of Current Year (2)	Change for Year Increase (+) or Decrease (—) (3)
27.	Company's stock owned			X X X X X
28.	Loans on company's stock			
29.	Supplies, stationery, printed matter			
30.	Furniture and equipment			X X X X X
31.	Commuted commissions			(-) 67,307.67
32.	Agents' balances (net)	83,842.24	151,149.71	-0-
33.	Cash advanced to or in the hands of officers or agents	1,200.00	1,200.00	
34.	Loans on personal security endorsed or not			
35.	Bills receivable			X X X X X
36.	Premium notes, etc., in excess of net value and other policy liabilities on individual policies			
37.	Accident and health premiums due and unpaid, effective prior to October 1			
38.	Other assets not admitted (itemize)			
38.1	Automobiles	44,695.91	55,976.34	(-) 11,280.43
38.2				
38.3		32,865.31	19,795.33	(-) 13,069.98
39.	Agents' credit balances (Page 3, Item 19 inside)	X X X X X	X X X X X	(-) 63,317.93
40.	TOTAL CHANGE (Col. 3)*			

*(Carry to Item 40, page 4 if (+), or to Item 47, page 4 if (—))

ANNUAL STATEMENT

OF THE

Standard Life and Accident Insurance Co.

of

OKLAHOMA CITY

in the

STATE OF OKLAHOMA

TO THE

Insurance Department

OF THE

STATE OF

_____

FOR THE YEAR ENDED
DECEMBER 31, 1959

LIFE AND ACCIDENT AND HEALTH, 1959

1959

DIT ID 4132-71 F

[EXHIBIT F]

ANNUAL STATEMENT

For the Year Ended December 31, 1959

OF THE CONDITION AND AFFAIRS OF THE

Standard Life

AND ACCIDENT INSURANCE COMPANY

OKLAHOMA CITY, OKLAHOMA

Organized under the Laws of the State of OKLAHOMA, made to the

INSURANCE DEPARTMENT OF THE STATE OF

PURSUANT TO THE LAWS THEREOF

Incorporated DECEMBER 28, 1948 Commenced Business DECEMBER 28, 1948

Home Office 421 N. W. 13th Street (Street and Number), OKLAHOMA CITY 1, OKLAHOMA (City or Town, Zone Number and State)

Mail Address 421 N. W. 13th Street (Street and Number) OKLAHOMA CITY 1, OKLAHOMA (City or Town, Zone Number and State)

OFFICERS

President Leonard H. Savage

Secretary Jack D. Oliver

Treasurer Leonard H. Savage

Vice-Presidents J. I. Gibson; F. M. Petree

Actuary George U. Thomas
CONSULTING ACTUARY C. T. Kenneth

DIRECTORS OR TRUSTEES

Byron V. Boone	F. M. Petree	
J. I. Gibson	Leonard H. Savage	
Ralph C. Heard	Royce H. Savage	
J. V. Healey		
Jack D. Oliver		

State of Oklahoma
County of Oklahoma } ss

Leonard H. Savage, President, Jack D. Oliver, Secretary, George U. Thomas, Actuary,

Leonard H. Savage, Treasurer* of the STANDARD LIFE AND ACCIDENT INSURANCE COMPANY, being duly sworn, each for himself deposes and says that they are the above described officers of the said insurer, and that on the thirty-first day of December last, all of the herein described assets were the absolute property of the said insurer free and clear from any liens or claims thereon, except as herein stated, and that this annual statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said insurer as of the thirty-first day of December last, and of its income and deductions therefrom for the year ended on that date, according to the best of their information, knowledge and belief, respectively.

Subscribed and sworn to before me this
____ day of ____, 1960

President.
Secretary.
Actuary.
Treasurer*.

*Or corresponding persons having charge of the accounts and finances of the insurer.

Note: The pages blanketed by the symbols [illegible] annual statement were reproduced by the John S. Swift Company from manuscript forms copyrighted 1959 by the John S. Swift Company, Incorporated.

ASSETS

		DOLLARS CENTS
1.	Bonds (Schedule D)	770,563.10
2.	Stocks (Schedule D)	2,408,670.83
3.	Mortgage loans on real estate (Schedule B)	4,934,278.55
4.	Real estate (Schedule A)	
4.1	Properties occupied by the Company (less $ None encumbrances)	$ 507,699.00
4.2	Properties acquired in satisfaction of debt (less $ encumbrances)	
4.3	Investment real estate (less $ 95,000.00 encumbrances)	358,397.40 866,096.40
5.	Policy loans	176,383.59
6.	Premium notes	
7.	Collateral loans (Schedule C)	
8.	Cash and bank deposits (Exhibit 13)	1,563,021.31
9.		
10.		
10A.	Cash and invested assets $ 10,703,013.78 (Items 1 to 10)	
11.	Amounts recoverable from reinsurers (Schedule S)	
12.	Deposits with other companies	42,382.32
13.		
14.		
15.		
16.		
✓ 17.	Life insurance premiums and annuity considerations deferred and uncollected	306,070.72
18.	Accident and health premiums due and unpaid effective after September 30th of current year	253,317.55
19.	Interest and other investment income due and accrued	51,336.54
20.	Net adjustment in assets and liabilities due to foreign exchange rates	
21.	Cash value of insurance policies owned	20,082.00
22.		
23.		
24.		
25.		
26.	TOTAL	11,776,308.13

NOTE: The items on this page to agree with Exhibit 13, Col. 4.
State basis of valuation:

N. A. I. C. Valuation of Securities

LIABILITIES, SURPLUS AND OTHER FUNDS

		DOLLARS CENTS
1.	Aggregate reserve for life policies and contracts (Exhibit 8)	6,278,564.00
2.	Aggregate reserve for accident and health policies (Exhibit 9, Part 1)	1,808,408.66
3.	Supplementary contracts without life contingencies (Exhibit 10, Col. 5)	25,653.25
4.	Policy and contract claims	
4.1	Life (Exhibit 11, Part 1)	38,926.00
4.2	Accident and Health (Exhibit 9, Part 2)	855,410.00
5.	Policyholders' dividend accumulations (Exhibit 10, Col. 6)	651,015.00
6.	Policyholders' dividends due and unpaid	
7.	Provision for policyholders' dividends payable in following calendar year—estimated amounts:	
7.1	Apportioned for payment to December 31, 19 60	$ 77,750.00
7.2	Not yet apportioned	77,750.00
8.	Amount provisionally held for deferred dividend policies not included in Item 7	
9.	Premiums and annuity considerations received in advance less $ none discount;	
	including $ none accident and health premiums	18,210.31
10.	Liability for premium deposit funds	174,544.40
11.	Policy and contract liabilities not included elsewhere:	
11.1	Surrender values on cancelled policies	
11.2		
11.3		
12.		
13.	Commissions to agents due or accrued - Life and Annuity $ Accident and Health $ 31,736.50	21,736.50
14.	General expenses due or accrued (Exhibit 5, Line 11)	38,263.34
15.	Taxes, licenses and fees due or accrued (including $ 100,000.00 U. S. federal income tax) (Exhibit 6, Line 8)	417,068.76
✓ 16.	"Cost of collection" on premiums and annuity considerations deferred and uncollected in excess of total loading thereon	
17.	Unearned investment income (Exhibit 3, Col. 2)	3,007.78
18.	Amounts withheld or retained by company as agent or trustee	42,639.28
19.	Amounts held for agents' account (including $ 33,165.33 agents' credit balances)	33,165.33
20.	Remittances and items not allocated	35,901.43
21.	Net adjustments in assets and liabilities due to foreign exchange rates	
22.	Liability for benefits for employees and agents if not included above	
23.	Borrowed money $ and interest thereon $	
24.	Dividends to stockholders declared and unpaid	
25.	Miscellaneous liabilities (give items and amounts)	
25.1	Mandatory securities valuation reserve	116,211.62
25.2	Amount payable under purchase contract for real estate	34,146.63
25.3		
25.4		
25.5		
25.6		
25.7		
25.8		
25.9		
26.	TOTAL LIABILITIES (Except Capital)	10,660,626.54
27.	Special surplus funds:	
27.1	$	
27.2		
27.3	$	
28.	Capital paid-up 300,000.00	
29.	Unassigned surplus 815,683.58	
30.	Total of Items 27 to 29	1,115,683.58
31.	TOTAL	11,776,308.13

29. Includes $190,000.00 contributed surplus.

SUMMARY OF OPERATIONS
(ACCRUAL BASIS)

		DOLLARS CENTS
1.	Premiums and annuity considerations (Exhibit 1, Part 1)	
1.1	Life	5,423,552.21
1.2	Accident and health	9,653,963.26
2.	Considerations for supplementary contracts with life contingencies	
3.	Considerations for supplementary contracts without life contingencies and dividend accumulations	889,282.69
4.	Net investment income (Exhibit 2)	339,469.14
5.	Miscellaneous income	5,219.26
6.		
7.	TOTAL	16,311,486.56
	DEDUCT:	
8.	Death benefits	715,667.55
9.	Matured endowments	
10.	Annuity benefits	337.44
11.	Disability benefits	1,270.48
12.	Surrender benefits	82,284.99
12A.	Group conversions	
13.	Benefits under accident and health policies	4,624,055.38
14.	Interest on policy or contract funds	10,581.48
15.	Payments on supplementary contracts with life contingencies	
16.	Payment on supplementary contracts without life contingencies and of dividend accumulations	128,971.53
17.	Increase in aggregate reserve for policies and contracts with life contingencies	1,063,276.37
18.	Increase in reserve for supplementary contracts without life contingencies and for dividend accumulations	254,350.25
19.	Decrease in aggregate reserve for accident and health policies	-93,138.39
20.	Subtotal (Items 8 to 19)	7,363,657.08
21.	Commissions on premiums and annuity considerations	3,367,610.34
22.	Interest on notes payable	504.63
23.	General insurance expenses (Exhibit 5, Cols. 1 and 2, Line 13)	1,966,816.31
24.	Insurance taxes, licenses and fees (Exhibit 6, Cols. 1 and 2, Line 10)	362,345.31
25.	Increase in loading on and cost of collection in excess of loading on deferred and uncollected premiums	301,231.69
26.	Acquisition expense of business acquired	1,732,910.57
26A.	Amounts due from other companies	39,044.71
27.	Total (Items 20 to 26A)	15,196,140.64
28.	Net gain from operations before dividends to policyholders and excluding capital gains and losses (Item 7, minus Item 27)	1,115,345.92
29.	Dividends to life policyholders (Exhibit 7)	455,121.21
30.	Dividends on accident and health policies (Exhibit 7)	
31.	Increase in amount provisionally held for deferred dividend policies	
32.	TOTAL (Items 29 to 31)	455,121.21
33.	NET GAIN FROM OPERATIONS AFTER DIVIDENDS TO POLICYHOLDERS AND EXCLUDING CAPITAL GAINS AND LOSSES (Item 28 minus Item 32)	660,224.71

SURPLUS ACCOUNT

		DOLLARS CENTS			DOLLARS CENTS
34.	Special surplus funds December 31, previous year		43.	Dividends to stockholders Cash / Stock	99,997.20 / 150,000.00
35.	Unassigned surplus December 31, previous year	403,138.32	44.	Premium on redemption of stock	454,000.00
36.			45.	Net capital losses (Exhibit 4, Col. 6)	
37.	Net gain (from Item 33)	660,224.71	46.	Increase in reserve on account of change in valuation basis	
38.	Net capital gains (Exhibit 4, Col. 6)	239,230.14	47.	Net loss from non-admitted and related items (Exhibit 14, Col. 3, Line 40)	167,732.87
39.	Surplus paid in	150,000.00	48.	Increase in mandatory securities valuation reserve	25,199.72
40.	Net gain from non-admitted and related items (Exhibit 14, Col. 3, Line 40)		49.	Special surplus funds December 31, current year (Item 27, page 3)	
41.	Decrease in mandatory securities valuation reserve		50.	Unassigned surplus December 31, current year (Item 29, page 3)	615,683.38
42.	TOTAL	1,512,613.37	51.	TOTAL	1,512,613.37

Form 1

ANNUAL STATEMENT FOR THE YEAR 1959 OF THE STANDARD LIFE AND ACCIDENT INSURANCE COMPANY

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

(Gain and Loss Exhibit)

		Total (1)	Industrial Life (Including Total and Permanent Disability and Accidental Death Benefits) (2)	Ordinary: Life Insurance (3)	Ordinary: Total and Permanent Disability (4)	Ordinary: Additional Accidental Death (5)	Ordinary: Individual Annuities (6)	Ordinary: Supplementary Contracts (7)	Group: Life Insurance (8)	Group: Annuities (9)	Accident and Health: Group (10)	Accident and Health: Individual (11)
1.	Premiums and annuity considerations (Exhibit 1, Part 1)	15,077,513.47		3,902,142.91	40,195.97	31,699.74		X X X	1,449,513.59		2,339,504.32	7,314,456.94
2.	Considerations for supplementary contracts with life contingencies			X X X	X X X	X X X	X X X				X X X	X X X
3.	Considerations for supplementary contracts without life contingencies and dividend accumulations	889,282.69		864,282.69				25,000.00				
4.	Net investment income (Exhibit 2)	339,469.14		256,312.78	2,162.42	1,704.14		1,344.30	77,945.30			
5.	Miscellaneous income	5,219.26		5,219.26								
6.												
7.	TOTAL	16,311,486.56		5,027,957.64	42,358.39	33,403.88		26,344.30	1,527,459.09		2,339,504.32	7,314,456.94
8.	Death benefits	715,667.55		220,886.00	X X X	5,000.00	X X X		489,781.55	X X X	X X X	X X X
9.	Matured endowments				X X X	X X X	X X X			X X X	X X X	X X X
10.	Annuity benefits	337.44		X X X	X X X	X X X	337.44		X X X		X X X	X X X
11.	Disability benefits	1,270.48		X X X	1,270.48	X X X					X X X	X X X
12.	Surrender benefits	82,284.99		82,284.99	X X X	X X X	X X X			X X X	X X X	X X X
12A.	Group conversions					X X X	X X X			X X X		
12B.	Transfers on account of group package policies and contracts	X X X	X X X	X X X	X X X	X X X	X X X	X X X				X X X
13.	Benefits under accident and health policies	4,624,055.38	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	1,773,993.87	2,850,059.51
14.	Interest on policy or contract funds	10,581.48		10,581.48								
15.	Payments on supplementary contracts with life contingencies			X X X	X X X	X X X	X X X				X X X	X X X
16.	Payments on supplementary contracts without life contingencies and of dividend accumulations	128,971.53		128,971.53								
17.	Increase in aggregate reserve for policies and contracts with life contingencies	1,843,276.37		1,814,286.17	3,777.87	3,770.33	-138.00		19,380.00			
18.	Increase in reserves for supplementary contracts without life contingencies and for dividend accumulations	254,350.25		228,697.00				25,653.25				
19.	Increase in Reserves for Accident & Health policies	-93,138.39									101,270.81	-196,409.20
20.	SUBTOTAL (Items 8 to 19)	7,565,657.08		2,197,404.70	7,048.35	8,770.33	199.44	25,653.25	509,161.55		1,875,264.68	2,653,650.31
21.	Commissions on premiums and annuity considerations	3,267,610.34		941,170.74	9,705.86	7,846.55			515,678.14		392,505.95	1,380,703.10
22.	Interest on notes payable	504.63		150.40	1.27	1.00		.79	45.81		73.94	231.42
23.	General insurance expenses (Exhibit 3, Cols. 1 and 2, Line 13)	1,966,816.31		601,145.78	5,071.65	4,148.08		3,152.86	182,810.29		283,177.60	887,310.05
24.	Taxes, licenses and fees (Exhibit 6, Cols. 1 and 2, Line 10)	342,345.31		161,798.66	1,365.04	1,116.46		848.59	49,203.47		30,976.20	97,036.89
25.	Increase in loading on and cost of collection in excess of loading on deferred and uncollected premiums	301,251.69		293,393.34	-515.63	-731.03			7,105.01			
26.	Acquisition expense of business acquired	1,732,910.57										1,732,910.57
26A.	Amount due from other companies	37,044.71		11,636.49	38.39	77.70		61.30	3,546.48		3,720.83	17,963.52
27.	TOTAL (Items 20 to 26)	15,196,140.64		4,497,007.58	27,774.93	21,229.09	199.44	29,716.79	1,267,748.75		2,587,725.20	6,769,767.86
28.	Net gain from operations before dividends to policyholders and excluding capital gains and losses (Item 7 minus Item 27)	1,115,345.92		530,953.06	14,583.46	12,174.79	-199.44	-3,372.49	259,710.34		-248,216.88	544,711.08
29.	Dividends to life policyholders (Exhibit 7)	455,121.21		455,121.21							X X X	X X X
30.	Dividends on accident and health policies (Exhibit 7)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X		
31.	Increase in amounts provisionally held for deferred dividend policies										X X X	X X X
32.	TOTAL Items 29 to 31	455,121.21		455,121.21								
33.	Net gain from operations after dividends to policyholders and excluding capital gains and losses (Item 28 minus Item 32)	660,224.71		75,833.85	14,583.46	12,174.79	-199.44	-3,372.49	259,710.34		-248,216.88	544,711.08

Form 1

ANNUAL STATEMENT FOR THE YEAR 1959 OF THE STANDARD LIFE AND ACCIDENT INSURANCE COMPANY

(Full or Exact Name)

ANALYSIS OF INCREASE IN RESERVES DURING THE YEAR

(Gain and Loss Exhibit)

	TOTAL (1)	INDUSTRIAL LIFE (Including Total and Permanent Disability and Accidental Death Benefits) (2)	ORDINARY					GROUP	
			Life Insurance (3)	Total and Permanent Disability (4)	Accidental Death Benefits (5)	Individual Annuities (6)	Supplementary Contracts (7)	Life Insurance (8)	Annuities (9)
1. Reserve Dec. 31 of previous year	4,857,407.63		4,476,540.83	19,739.13	9,359.67	4,713.00		347,255.00	
2. Tabular net premiums or considerations	2,992,115.96		2,230,314.04	19,294.07	17,751.85			724,756.00	
3. Considerations for supplementary contracts without life contingencies and dividend accumulations	889,282.69		864,282.69				25,000.00		
4. Present value of disability claims incurred	3,295.00		X X X	3,295.00	X X X		X X X		
5. Tabular interest	146,472.06		122,404.19	968.25	604.00	143.48	770.14	21,582.00	
6. Tabular less actual reserve released	-23.43	X X X	X X X		X X X	33.98	-79.41		
7. Increase in reserve on account of change in valuation basis	-0-								
8. Other increases (net)									
9. TOTALS (Items 1 to 8)	8,888,749.91		7,693,541.75	43,296.45	27,715.52	4,913.46	25,690.73	1,093,593.00	
10. Tabular cost	1,394,874.93		837,022.44	16,308.97	14,585.52		X X X	726,758.00	
11. Reserves released by death	38,814.36		38,814.36	X X X	X X X	X X X	X X X		X X X
12. Reserves released by other terminations (net)	179,208.49		179,208.49						
13. Annuity, supplementary contract, disability and accumulated dividend payments	130,616.95		128,971.53	1,170.48		337.44	37.50		
14. TOTAL DEDUCTIONS (Items 10 to 13)	1,933,513.66		1,174,017.75	17,779.45	14,585.52	337.44	37.50	726,758.00	
15. Reserve Dec. 31 of current year	6,955,236.25		6,519,524.00	25,517.00	13,130.00	4,575.00	25,653.23	366,835.00	

Form 1

ANNUAL STATEMENT FOR THE YEAR 1959 OF THE STANDARD LIFE AND ACCIDENT INSURANCE COMPANY

(Write in Name)

EXHIBIT 1

		TOTAL (1)	INDUSTRIAL LIFE (Including Total and Permanent Disability and Additional Death Benefits) (2)	ORDINARY: Life Insurance (3)	ORDINARY: Total and Permanent Disability (4)	ORDINARY: Accidental Death and Additional Death (5)	ORDINARY: Individual Annuities (6)	GROUP: Life Insurance (7)	GROUP: Annuities (8)	ACCIDENT AND HEALTH: Group (9)	ACCIDENT AND HEALTH: Individual (10)	
	PART 1—Premiums and Annuity Considerations (Gross, Less Reinsurance)											
	FIRST YEAR (Other Than Single)											
CURRENT YEAR	1. Uncollected	38,706.65		38,199.75	263.82	243.08						1.
	2. Deferred	276,711.93		274,511.14	2,340.98	1,859.81						2.
	3. Line 1 + Line 2	315,418.58		312,710.89	2,604.80	2,102.89						3.
	4. Advance											4.
	5. Line 3 — Line 4	315,418.58		312,710.89	2,604.80	2,102.89						5.
	6. Collected during year	1,189,357.92		1,168,176.51	11,717.72	9,463.69						6.
	7. Line 5 + Line 6	1,504,776.50		1,480,887.40	14,322.52	11,566.58						7.
	8. Previous year (uncollected + deferred — advance)	232,605.93		229,262.47	1,889.40	1,674.06						8.
	9. First year premiums and considerations Line 7 — Line 8	1,273,970.57		1,251,644.93	12,433.12	9,892.52			INCLUDED IN RENEWAL			9.
	SINGLE											
	10. Single premiums and considerations	1,195,815.81						876,773.53		319,042.28		10.
	RENEWAL											
CURRENT YEAR	11. Uncollected	461,078.50		110,885.96	813.91	479.69		95,581.59		110,896.46	149,491.09	11.
	12. Deferred	789,807.92		780,670.32	5,781.15	3,356.45						12.
	13. Line 11 + Line 12	1,250,886.42		891,556.28	6,595.06	3,835.94		95,581.59		110,896.46	142,421.09	13.
	14. Advance	18,210.37		16,175.76	160.53	118.31		1,775.77				14.
	15. Line 13 — Line 14	1,232,676.05		875,380.52	6,434.53	3,717.63		93,805.82		110,896.46	142,421.09	15.
	16. Collected during year	12,776,671.68		2,242,382.50	27,137.24	22,052.28		586,923.25		2,003,710.94	7,366,213.47	16.
	17. Line 15 + Line 16	13,459,167.73		3,117,763.02	33,591.77	25,769.91		680,729.07		2,114,607.40	7,466,636.56	17.
	18. Previous year (uncollected + deferred — advance)	851,418.64		467,265.36	5,828.92	3,962.69		108,036.01		96,145.36	172,177.52	18.
	19. Renewal premiums and considerations Line 17 — Line 18	12,607,729.09		2,650,497.98	27,762.85	21,807.22		572,740.06		2,020,462.04	7,314,458.94	19.
	TOTAL											
	20. Total premiums and annuity considerations Lines 9, 10 and 19 (to agree with Item 1, Page 4)	15,077,515.47		3,902,142.91	40,195.97	31,699.74		1,449,513.59		2,339,504.32	7,314,458.94	20.
	PART 2—Dividends Applied, Reinsurance Ceded and Commissions Incurred											
	DIVIDENDS APPLIED (Included in Part 1)											
	21. To pay renewal premiums (Exhibit 7, Line 1)	147,189.12		147,189.12								21.
	22. All other (Exhibit 7, Lines 2, 3 and 4)	975.45		975.45								22.
	REINSURANCE CEDED (Deducted in Part 1)											
	23. First year (other than single)	-1,663.92		-1,663.39	-153.68	153.15						23.
	24. Single											24.
	25. Renewal	47,344.36		36,643.47	3,162.77	3,886.99		5,388.53		-530.19	19,093.27	25.
	COMMISSIONS INCURRED											
	26. First year (other than single)	827,876.52		813,133.78	8,136.35	6,587.59						26.
	27. Single	672,656.94						498,974.76		173,682.18		27.
	28. Renewal	1,767,076.88		129,037.96	1,569.51	1,259.16		16,701.38		218,825.27	1,380,703.10	28.
	29. Total (to agree with Item 21, Page 5)	3,267,610.34		941,170.74	9,705.86	7,846.75		515,676.14		392,507.45	1,380,703.10	29.

EXHIBIT 2—NET INVESTMENT INCOME
(Accrual Basis)

	DOLLARS	CENTS
1. Total interest, dividends and real estate income (Exhibit 3, Col. 7, Line 10)	405,796.65	
2. Investment expenses (Exhibit 5, Col. 3, Line 13)	37,910.75	
3. Taxes, licenses and fees (Exhibit 6, Col. 3, Line 10)	5,937.76	
4. Depreciation on real estate	27,477.00	
5.		
6. TOTAL (Lines 2 to 5 inclusive)	66,325.51	
7. NET INVESTMENT INCOME — Line 1 less Line 6 (to Item 4, Page 4)	339,469.14	
8. Ratio of net investment income to mean assets (see instructions)	3.65	%
9. Ratio of net investment income to mean assets before federal income tax, if any, included in line 3	3.65	%

EXHIBIT 3—INTEREST, DIVIDENDS AND REAL ESTATE INCOME

	Collected During Year (1)	Current Year: Unearned (2)	Current Year: Due (3)	Current Year: Accrued (4)	Current Year: Non-Admitted (5)	Previous Year (1)+(4)−(2)−(3) (6)	Earned During Year (1)−(2)+(3) +(4)−(5)−(6) (7)
1. Interest on bonds	48,571.76			15,130.50	83.33	13,134.13	50,486.80
2. Dividends on stocks	32,291.37						32,291.37
3. Interest on mortgage loans	201,057.71		1,981.60	34,322.52		17,837.26	219,524.57
4. Real estate income	100,642.33						100,642.33
5. Interest on premium notes, policy loans and liens	9,507.16	3,007.78		185.25		−1,625.18	8,309.81
6. Interest on collateral loans							
7. Interest on bank deposits							
8. Miscellaneous	4,541.67						4,541.67
9.							
10. TOTALS	388,612.10	3,007.78	1,981.60	49,638.27	83.33	29,346.21	405,796.65

*Includes $ 820.38 accrual of discount less $ 95.66 amortization of premium and less $ 142.71 paid for accrued interest on purchases.
†Includes $ None paid for accrued dividends on purchases.
**Includes $ 17,378.02 accrual of discount less $ None amortization of premium and less $ 1,343.63 paid for accrued interest on purchases.
***Includes $ 78,000.00 for company's occupancy of its own buildings; and excludes $ None interest on encumbrances.

†State bases of exclusions:
Bonds: Excluded accrued interest not amortizable & valued at market
Stocks
Collateral loans
Mortgage loans
Real estate
Bank deposits

*EXHIBIT 4—CAPITAL GAINS AND LOSSES ON INVESTMENTS

	Increase in Book Value (1)	Profit on Sale or Maturity (2)	Decrease in Book Value (3)	Loss on Sale or Maturity (4)	Net Gain (+) or Loss (−) From Change in Difference Between Book and Admitted Value (5)	Net Gains (+) or Losses (−) (1)+(2)−(3) −(4)+(5) (6)
1. Bonds				55.00	−5,070.04	−5,125.04
2. Stocks		190,280.00		1,870.00	+52,869.39	241,279.39
3. Mortgage loans						
4. Real estate	23,075.39					23,075.39
5. Premium notes, policy loans and liens						
6. Collateral loans						
7. Cash and bank deposits						
8. Foreign exchange						
9.						
10. TOTALS	23,075.59	190,280.00		1,925.00	47,799.35	259,230.14

Distributions on Line 10 $ (5). (Attach statement or memorandum explaining basis of division).
11. Net realized capital gains (+) or losses (−) on assets disposed of during the year $ 211,430.39, less $ 190,280.00 reflected in previous years' statements 21,150.39
12. Net unrealized capital gains (+) or losses (−) of the year (+) 47,799.35

*Only amounts due to accumulations to be reported on Exhibit 3.
**Including $ 21,477.00 depreciation on real estate included on Exhibit 2, Line 4.

EXHIBIT 5 GENERAL EXPENSES

		Insurance: Life (a)	Insurance: Accident and Health (b)	Investment (c)	Total (d)	
1.	Rent	185,313.17	51,605.77	3,569.69	138,707.63	
2.	Salaries and wages	305,884.55	486,310.00	17,700.00	710,094.55	
3.11	*Contributions for benefit plans for employees					
3.12	*Contributions for benefit plans for agents					
3.21	Payments to employees under non-funded benefit programs					
3.22	Payments to agents under non-funded benefit programs					
3.31	Other employee welfare	6,355.96	15,491.78	563.31	22,411.45	
3.32	Other agent welfare					
3.4						
4.1	Legal fees and expenses	832.37	1,341.54	56.09	2,230.00	
4.2	Medical examination fees	18,410.74	81.84	-	18,492.38	
4.3	Inspection report fees	28,736.68	4,501.72	-	33,366.40	
4.4	Fees of public accountants and consulting actuaries	3,600.00	600.00	-	4,200.00	
4.5	Expense of investigation and settlement of policy claims	2.00	77,775.36	-	77,777.36	
4.6						
5.1	Traveling expenses	150,005.33	270,779.67	-	420,785.20	
5.2	Advertising	11,113.62	19,757.54	-	30,871.16	
5.3	Postage, express, telegraph and telephone	18,371.84	32,661.04	-	51,032.88	
5.4	Printing and stationery	60,749.68	107,999.42		168,749.10	
5.5	Cost or depreciation of furniture and equipment	-14,093.34	-33,300.04	-1,211.70	-48,606.00	
5.6	Rental of equipment	30,997.65	37,339.16	-	68,336.81	
5.7	Federal employees group expenses	6,332.17	-	-	6,332.17	
6.1	Books and periodicals	3,899.23	13,939.96	307.34	18,346.45	
6.2	Bureau and association dues	4,782.82	8,486.87	-	13,279.69	
6.3	Insurance, except on real estate	4,014.81	7,137.44	-	11,152.25	
6.4	Miscellaneous losses	355.18	986.98		1,342.16	
6.5	Collection and bank service charges	9,928.40	23,460.89	853.68	34,242.97	
6.6	Sundry general expenses					
6.7	Group service and administration fees					
6.8						
7.1	Agency expense allowance					
7.2	Agents' balances charged off (less $ recovered)	65,017.04	21,672.34	-	86,689.38	
7.3	Agency conferences other than local meetings	48,577.98	5,397.55	-	53,975.53	
8.1	Agents' Bonuses - Life	34,489.98	8,622.50	-	43,112.48	
8.2						
9.1	Real estate expenses	3,830.04	9,097.48	331.04	13,278.76	
9.2	Investment expenses not included elsewhere	-	-	15,141.00	15,141.00	
9.3						
10.	GENERAL EXPENSES PAID	797,568.02	1,172,126.69	37,910.75	2,007,563.46	
11.	General expenses unpaid December 31, current year	18,174.80	18,088.54	-	28,263.34	To Line 25, Page 4
12.	General expenses unpaid December 31, previous year	11,545.42	19,374.32	-	31,119.74	
13.	General expenses incurred during year (10+11—12)	796,177.40	1,170,638.91	37,910.75	2,004,727.06	To Line 2, Page 2

A. Compensation to agents on a plan other than commissions, included in Col. (1): First year $ None, Renewal $ None
B. Agency supervision, except Home Office, included in Col. (1): Line 3 $ None, Line 5.1 $ None, Line 5 $ None
C. Branch office expenses other than those in A and B included in Col. (1): Line 1 $ None, Line 2 $ None, All other lines $ None

*These items include $ on account of prior years.

EXHIBIT 6—TAXES, LICENSES AND FEES

		Insurance: Life (1)	Insurance: Accident and Health (2)	Investment (3)	Total (4)	
1.	Real estate taxes			8,274.32	8,274.32	
2.	State insurance department licenses and fees	3,988.64	7,090.92		11,079.56	
3.	State taxes on premiums	80,295.35	76,122.23		156,417.78	
4.	Other state taxes, incl. $ 5,757.57 Social Security	4,419.89	7,857.58		12,277.47	
5.1	U. S. federal income tax	18,880.39	33,565.13		52,445.52	
5.2	Other U.S. federal taxes, incl. $ 17,756.28 Social Security	6,392.31	11,344.12		17,736.43	
6.	All other taxes					
7.	TAXES, LICENSES AND FEES PAID	131,976.78	135,979.98	8,274.32	266,231.28	
8.	Taxes, licenses and fees unpaid December 31, current year	170,426.21	244,708.27	1,926.28	417,060.76	To Line 24, Page 4
9.	Taxes, licenses and fees unpaid December 31, previous year	78,111.49	257,652.44	6,273.04	335,636.97	
10.	Taxes, licenses and fees incurred during year (7+8—9)	214,291.50	122,035.81	5,937.76	342,193.07	To Line 3, Page 2

NOTE: Canadian and other foreign taxes are included appropriately on Lines 1, 2, 3, 5 and 6.

EXHIBIT 7—DIVIDENDS TO POLICYHOLDERS

		Life	Accident and Health
1.	Applied to pay renewal premiums	147,189.13	
2.	Applied to shorten the endowment or premium-paying period	975.45	
3.	Applied to provide paid-up additions	146,184.57	
4.	Applied to provide paid-up annuities	34,101.96	
5.	TOTAL (Lines 1-4)	328,719.68	
6.	Paid in cash		
7.	Left on deposit with the company		
8.		328,719.71	
9.	TOTAL (Lines 5-8)		
10.	Amount due and unpaid (Item 6, page 3) None	77,750.00	
11.	Provision for annual dividend policies, including $ None terminal dividends (Item 7, page 3, in part)		
12.	Provision for deferred dividend policies (Item 7, page 3, in part)	77,750.00	
13.	TOTAL (Lines 10-12)	61,613.00	
14.	Line 13 of previous year	455,191.71	
15.	TOTAL DIVIDENDS TO POLICYHOLDERS (Lines 9+13—14)	(To Item 29, Page 4)	(To Item 30, Page 4)

EXHIBIT 8—AGGREGATE RESERVE FOR LIFE POLICIES AND CONTRACTS

Valuation Standard (Indicate mortality and interest bases and valuation method by years of issue and in the case of annuities indicate whether immediate, deferred or both) (1)	Total (2)	Industrial (3)	Ordinary (4)	Credit (5)
A. Life Insurance:				
1. Amer. Exp. 3½ (1946-1958) Illinois Std.	3,434,613.00		3,434,613.00	
2. Amer. Exp. 3½ (1949-1957) Net Level Prem.	73,317.00		73,317.00	
3. Comm. Std. Ord. 3½% (1957) CRVM	3,766.00		3,766.00	
4. Comm. Std. Ord. 3½ (1951) CRVM	2,673,320.00		2,305,485.00	366,835.00
5. Comm. Std. Ord. 2½% (1951) CRVM	82,618.00		82,618.00	
6.				
7.				
8.				
9.				
10.				
11.				
12.				
13.				
14.				
15.				
16.				
17.				
18.				
19.				
20.				
21.				
22.				
23. Total (Gross)	6,366,534.00		5,899,699.00	366,835.00
24. Reinsurance	63,234.00		63,234.00	
25. Total (Net)	6,203,300.00		5,836,465.00	366,835.00
B. Annuities (excluding supplementary contracts with life contingencies):				
1. 1937 Std. Ann. (Mod.) 3½	4,575.00	X X X	4,575.00	
2.		X X X		
3.		X X X		
4.		X X X		
5.		X X X		
6.		X X X		
7.		X X X		
8.		X X X		
9.		X X X		
10.		X X X		
11.		X X X		
12.		X X X		
13.		X X X		
14.		X X X		
15.		X X X		
16.		X X X		
17.		X X X		
18.		X X X		
19.		X X X		
20.		X X X		
21.		X X X		
22.		X X X		
23. Total (Gross)	4,575.00	X X X	4,575.00	
24. Reinsurance		X X X		
25. Total (Net)	4,575.00	X X X	4,575.00	
C. Supplementary Contracts With Life Contingencies:				
1.				
2.				
3.				
4.				
5. Total (Gross)				
6. Reinsurance				
7. Total (Net)				
D. Accidental Death Benefits:				
1. 1928-1933 Double Indemnity Table, 3%	17,278.00		17,278.00	
2.				
3.				
4.				
5. Total (Gross)	17,278.00		17,278.00	
6. Reinsurance	4,148.00		4,148.00	
7. Total (Net)	13,130.00		13,130.00	
E. Disability—Active Lives:				
1. 1926 Class (3) Table 3% (150% Mod.)	33,385.00		33,385.00	
2.				
3.				
4.				
5.				
6.				
7. Total (Gross)	33,385.00		33,385.00	
8. Reinsurance	1,163.00		1,163.00	
9. Total (Net)	32,222.00		32,222.00	
F. Disability—Disabled Lives:				
1. 1926 Class (3) Table 3% (150% Mod.)	3,395.00		3,395.00	
2.				
3.				
4.				
5.				
6.				
7. Total (Gross)	3,395.00		3,395.00	
8. Reinsurance				
9. Total (Net)	3,395.00		3,395.00	

EXHIBIT 8—AGGREGATE RESERVE FOR LIFE POLICIES AND CONTRACTS (Continued)

Valuation Standard (Indicate mortality and interest bases and valuation method by years of issue) (1)	Total (2)	Industrial (3)	Ordinary (4)	Credit (5)
G. Miscellaneous Reserves:				
1. For excess of valuation net premiums over corresponding gross premiums on respective policies, computed according to the standard of valuation required by the state				
2. For non-deduction of deferred fractional premiums or return of premiums at the death of the insured	32,044.00		32,044.00	
3. For surrender values in excess of reserves otherwise required and carried in this schedule				
4.				
5.				
6.				
7. Total (Gross)	32,044.00		32,044.00	
8. Reinsurance	32,044.00		32,044.00	
9. Total (Net)				
H. Grand Total (Net)—Item 1, Page 3	6,278,566.00		5,911,731.00	366,835.00

EXHIBIT 8A—CHANGES IN BASES OF VALUATION DURING THE YEAR
(Including supplementary contracts set up on a basis other than that used to determine benefits)

	Description of Valuation Class	Valuation Bases Changed from	Valuation Bases Changed to	Increase in Actuarial Reserve Due to Change
1.				
2.				
3.				
4.				
5.				
6.				
7.	Total (to agree with Item 7, Page 6)			

GENERAL INTERROGATORIES

1. Has the company ever issued both participating and non-participating policies? Answer: Yes
2. Does the company at present issue both participating and non-participating policies? Answer: Yes
If not, state which kind is issued.
Answer: ....
3. State the amount of insurance, if any, on which the gross premiums are less than the net premiums according to the standard of valuation required by this State.
Answer: $ None
The additional reserve to cover deficiencies in gross premiums must be included in Exhibit 8 if not reported in G. 1. above, state amount: $ Not applicable
4. Does the Company waive deduction of deferred fractional premiums or death or pay of its insureds?
Answer: Yes, on C.S.O. Issues

5. State the amounts of insurance in force under each of the following plans.

	Non-Participating	Participating Annual Div.	Participating Def. Div.
Industrial	None		
Ordinary	$ 31,726,328	114,338,618	165,944,946
	149,600,983		149,600,983
Group	181,327,311	114,338,618	295,545,929
Totals			

6. Is any surrender value promised in excess of the reserve as legally computed? Answer: No ....If so, the amount of such excess must be included in C.1 above. Has this been done? Answer: ....
7. Attach statement of methods employed in the valuation of policies issued at, or subsequently subject to, an extra premium or in the valuation of policies otherwise issued on lives classed as substandard for the plan or contract issued or on special class lives involving paid-up insurance).
8. Has the company any assessment or additional premium policies in force?
Answer: No If so, state
Amount of insurance $ ....
Amount of reserve $ ....
Basis of reserve: ....
Basis of regular assessments: ....
....
Basis of special assessments: ....
....
Assessments collected during year $ ....

EXHIBIT 9—AGGREGATE RESERVE AND POLICY CLAIM LIABILITY FOR ACCIDENT AND HEALTH POLICIES

	Total (1)	Group Accident and Health (2)	Individual Policies: Accident Only (3)	Individual Policies: Accident and Health (4)	Individual Policies: Non-Cancellable Accident and Health (5)	Individual Policies: Hospital and Medical Expense Only (6)
PART 1—Aggregate Reserve						
1. Unearned premium reserve	1,826,373.62	220,082.98	731,255.84	9,741.66	12,363.73	852,931.41
2. Additional reserves for guaranteed renewable policies						
3. Present value of amounts not yet due on claims						
4. Reserve for future contingent benefits (deferred maternity and other similar benefits)						
5.						
6.						
7. Totals (Gross)	1,826,373.62	220,082.98	731,255.84	9,741.66	12,363.73	852,931.41
8. Reinsurance	17,966.96		8,565.79	2,331.28	7,169.89	
9. Totals (Net) (to Item 2, Page 3)	1,808,406.66	220,082.98	742,790.05	7,410.38	5,193.84	852,931.41
PART 2—Policy Claim Liability End of Current Year						
1. Due and unpaid						
2. In course of settlement						
3. Incurred but unreported (less reinsurance)	855,410.00	326,742.17	80,718.92	5,411.65	200.60	442,336.86
4. Totals	855,410.00	326,742.17	80,718.92	5,411.65	200.60	442,336.86
5. Less reinsurance on reported claims (Schedule S)						
6. Net Liability (to Item 4.2, Page 3)	855,410.00	326,742.17	80,718.92	5,411.65	200.60	442,336.86

Include portion of holidays applicable to months "unpaid" payments. Reserve for unearned payments appears on Item 2, Page 3 (see Part 1).

EXHIBIT 10—SUPPLEMENTARY CONTRACTS WITHOUT LIFE CONTINGENCIES AND DIVIDEND ACCUMULATIONS

	Valuation Rate (1)	Contract Rate or Rates (2)	Supplementary Contracts without Life Contingencies: Present Value of Amounts Not Yet Due (3)	Supplementary Contracts without Life Contingencies: Amount Left on Deposit (4)	Supplementary Contracts without Life Contingencies: Totals (5)	Dividend Accumulations (6)
1.	3½	3½				
2.	3	3		35,653.35	35,653.35	651,015.00
3.						
4.						
5.						
6.						
7.						
8. Totals (as per Items 3 and 5, Page 3)				35,653.35	35,653.35	651,015.00

Show contract rate or rates corresponding to each valuation rate.

Form 1

ANNUAL STATEMENT FOR THE YEAR 1959 OF THE STANDARD LIFE AND ACCIDENT INSURANCE COMPANY

EXHIBIT 11—POLICY AND CONTRACT CLAIMS FOR OTHER THAN ACCIDENT AND HEALTH POLICIES

PART 1—Liability End of Current Year

	Total (1)	Industrial Life (Including Total and Permanent Disability and Accidental Death Benefits) (2)	Ordinary (3)	Ordinary: Total and Permanent Disability (4)	Ordinary: Additional Accidental Death (5)	Ordinary: Individual Annuities (6)	Ordinary: Supplementary Contracts (7)	Group: Life Insurance (8)	Group: Annuities (9)
1. Due and unpaid	None								
2. In course of settlement:									
2.1 Resisted				?					
2.2 Other				?					
3. Incurred but unreported (less reinsurance)	38,926.00		18,000.00	?				20,926.00	
4. Total									
5. Less reinsurance on reported claims (Schedule S)									
6. Net Liability (Column 1 to Item 4.1, Page 3)	38,926.00	*	** 18,000.00					20,926.00	

*Including matured endowments unpaid amounting to $ None **Including matured endowments unpaid amounting to $ None
Include only portion of liability applicable to matured "accrued" payments. Reserve for unaccrued payments $ None appears in Item 1, Page 3. (See Exhibit 8, Section 7.)

PART 2—Incurred During the Year

	Total (1)	Industrial Life (Including Total and Permanent Disability and Accidental Death Benefits) (2)*	Ordinary: Life Insurance (3)**	Ordinary: Total and Permanent Disability (4)	Ordinary: Additional Accidental Death (5)	Ordinary: Individual Annuities (6)	Ordinary: Supplementary Contracts (7)	Group: Life Insurance (8)	Group: Annuities (9)
1. Settlements during the year	737,750.07		262,096.00	1,461.08	5,000.00	337.44		468,855.55	
2. Deduct reinsurance	39,480.60		39,210.00	190.60					
3. Net settlements (Line 1 minus Line 2)	† 678,349.47		202,886.00	1,270.48	5,000.00	337.44		468,855.55	
4. Net liability December 31, current year from Part 1	38,926.00		18,000.00					20,926.00	
5. Amounts recoverable from reinsurers December 31, previous year									
6. Line 3 plus Line 4 plus Line 5	717,275.47		220,886.00	1,270.48	5,000.00	337.44		489,781.55	
7. Net liability December 31, previous year									
8. Amounts recoverable from reinsurers December 31, current year (Schedule S)									
9. Line 7 plus Line 8									
10. Net Incurred Claims (Line 6 minus Line 9)	717,275.47		220,886.00	1,270.48	5,000.00	337.44		489,781.55	

*Including matured endowments amounting to $ None in Line 1 and $ None in Line 10. **Including matured endowments amounting to $ None in Line 1 and $ None in Line 10.
†Equals sum of Lines 10.1, 10.2 and 10.3, Exhibit 12. Includes $ 792.13 premiums waived under total and permanent disability benefits.

EXHIBIT 12—RECONCILIATION OF LEDGER ASSETS

			DOLLARS CENTS
INCREASES IN LEDGER ASSETS			
1.	Premiums on life policies and annuity considerations (see Exhibit 1, Part 1)		4,944,676.72
2.	Accident and health cash premiums, including $ 85,726.18 policy, membership and other fees		9,666,968.69
3.	Consideration for supplementary contracts with life contingencies		
4.	Consideration for supplementary contracts without life contingencies including $ None disability and coupons		23,000.00
5.	Dividends left with the Company to accumulate at interest		866,782.69
6.	Interest, dividends and real estate income (Exhibit 3, Column 1)		386,613.10
7.	Increase of paid-up capital during the year		150,000.00
8.	From other sources (give items and amounts):		
8.1	Surplus contributed		190,000.00
8.2			
8.3			
9.	Borrowed money gross $, less amount repaid $		
10.	Encumbrance on real estate		33,462.00
11.	Increase in ledger liabilities		8,011.42
12.			
13.	From sale or maturity of ledger assets (Exhibit 4, Column 2)		190,380.00
14.	By adjustment in book value of ledger assets (Exhibit 4, Column 1)		23,075.39
15.	TOTAL INCREASES IN LEDGER ASSETS		16,487,549.21
DECREASES IN LEDGER ASSETS			
16.	Policy and contract claims:		
16.1	Life (see Exhibit 11, Part 2)	678,017.03	
16.2	Accident and health	4,403,185.12	
17.	For annuities with life contingencies, excluding payments on supplementary contracts (including cash refund payments)	337.44	
18.	Premium notes and liens voided by lapse, less $ restorations		
19.	Surrender values	82,284.99	
19A.	Group conversions		
19B.	Interest on policy or contract funds	10,565.71	
20.	Dividends to policyholders:		
20.1	Life insurance and annuities (Exhibit 7)	436,986.71	
20.2	Accident and health (Exhibit 7)		
21.	TOTAL PAID POLICYHOLDERS		5,613,291.50
22.	Paid for claims on supplementary contracts:		
22.1	With life contingencies		
22.2	Without life contingencies	37.50	37.50
23.	Dividends and interest thereon held on deposit disbursed during the year		128,934.03
24.			
25.			
26.	Commissions to agents (less commissions on reinsurance):		
26.1	Life insurance and annuities (including $ commuted commissions)	1,676,401.29	
26.2	Accident and health (including $ commuted commissions)	1,703,704.15	
26.3	Policy, membership and other fees retained by agents	85,726.18	3,263,829.62
27.	General expenses (Exhibit 5, Line 10)		3,007,583.46
28.	Taxes, licenses and fees (Exhibit 6, Line 7)		266,231.28
29.	Decrease of paid-up capital during the year		30,000.00
30.	Paid stockholders for dividends (cash $ 99,997.20, stock $ 150,000.00)		249,997.20
31.	Borrowed money repaid gross $ less amount borrowed $		
32.	Interest on borrowed money		
33.	Premium paid on redemption of stock		434,000.00
34.	Cost of acquisition of other insurance companies		1,733,910.57
35.	Decrease in ledger liabilities		10,622.22
36.	From sale or maturity of ledger assets (Exhibit 4, Column 4)		1,925.00
37.	By adjustment in book value of ledger assets (Exhibit 4, Column 3 and Exhibit 2, Line 4)		22,477.00
38.	TOTAL DECREASES IN LEDGER ASSETS		13,791,237.16
	RECONCILIATION BETWEEN YEARS		
39.	Amount of ledger assets December 31st of previous year		8,343,473.37
40.	Increase (+) or decrease (—) in ledger assets during the year (Line 15 minus Line 38)		+ 2,691,312.05
41.	TOTAL LEDGER ASSETS DECEMBER 31ST OF CURRENT YEAR		10,933,785.42

EXHIBIT 13 ASSETS

		Ledger Assets (1)	Non-Ledger Assets (2)	Assets Not Admitted (3)	Net Admitted Assets (4)
1.	Bonds	769,377.80	1,187.50		770,565.10
2.	Stocks	2,252,430.34	156,240.49		2,408,670.83
3.	Mortgage loans on real estate:				
3.1	First liens	4,936,278.55			4,936,278.55
3.2	Other than first liens				
4.	Real estate (less $ 95,000.00 encumbrances):				
4.1	Properties occupied by the company	507,499.00			507,499.00
4.2	Properties acquired in satisfaction of debt				
4.3	Investment real estate	358,397.40			358,397.40
5.	Policy loans	176,383.59			176,383.59
6.	Premium notes (including $ for first year premiums)				
7.	Collateral loans				
8.	Cash and bank deposits:				
8.1	Cash in company's office	1,417.68			1,417.68
8.2	Deposits in banks and trust companies (Schedule E)	1,543,603.63			1,543,603.63
9.	Deposits with other companies	25,508.70	16,776.83		42,285.53
10.					
11.	Amounts recoverable from reinsurers				
12.	Other assets (give items and amounts)				
12.1	Agents' balances (debit $ 215,306.39; credit $ 33,165.32)	182,141.07		182,141.07	-0-
12.2	Bills receivable				-0-
12.3	Furniture and equipment	102,687.02		102,687.02	-0-
12.4	Cash advanced to or in hands of officers or agents	1,200.00		1,200.00	-0-
12.5	Loans on personal security, endorsed or not				-0-
12.6					
	Automobiles owned	58,027.30		58,027.30	-0-
	Misc. suspense items	18,633.64		18,633.64	
13.					
14.					
15.					
16.					
17.	Life insurance premiums and annuity considerations deferred and uncollected on in force Dec. 31st of current year (less reinsurance premiums):				
17.1	Industrial uncollected (excluding $ loading)				
17.2	Ordinary deferred and uncollected—New business (excluding $ 212,255.63 loading)	105,163.93			
17.3	Ordinary deferred and uncollected—Renewal (excluding $ 353,912.12 loading)	548,075.16			
17.4	Group life deferred and uncollected (excluding $ 42,748.98 loading)	52,832.61			
17.5	Group annuity uncollected (excluding $ loading)				
17.6	TOTAL (to Col. 2)		706,070.72		706,070.72
18.	Accident and health premiums due and unpaid		253,317.53		253,317.53
19.	Interest and real estate income due and accrued:				
19.1	Interest due and accrued		31,536.54		31,536.54
19.2	Real estate income due and accrued				
19.3					
20.	Net adjustment in assets and liabilities due to foreign exchange rates				
21.	Cash value of life insurance on Company officer		30,082.00		30,082.00
22.					
23.					
24.					
25.					
26.	TOTALS	10,933,785.42	1,205,311.63	363,688.93	11,776,308.12

EXHIBIT 14—ANALYSIS OF NON-ADMITTED ASSETS AND RELATED ITEMS
(Excluding Investment Adjustments Not Listed)

		Ends of Previous Year (1)	Ends of Current Year (2)	Changes for Year Increase (+) or Decrease (-) (3)
27.	Company's stock owned			X X X X X
28.	Loans on company's stock			
29.	Supplies, stationery, printed matter		102,687.02	(-) 102,687.02
30.	Furniture and equipment			X X X X X
31.	Unamortized commissions			X X X X X
32.	Agents' balances (net)	151,169.71	182,141.07	(-) 30,991.36
33.	Cash advanced to or in the hands of officers or agents	1,200.00	1,200.00	-0-
34.	Loans on personal security endorsed or not			
35.	Bills receivable			
36.	Premium notes, etc., in excess of net value and other policy liabilities on individual policies			X X X X X
37.	Accident and health premiums due and unpaid, effective prior to October 1			
38.	Other assets not admitted (itemize)			
38.1	Automobiles owned	55,976.34	58,027.30	(-) 2,050.96
38.2	Misc. suspense items	-0-	18,633.64	(-) 18,633.64
38.3				
39.	Agents' credit balances (Page 3, Item 19 inside)	19,795.33	33,165.32	(-) 13,369.99
40.	TOTAL CHANGES (Col. 3)*	X X X X X	X X X X X	(-)167,732.87

*(Carry to Item 40, page 4 if (+), or to Item 47, page 4 if (—))

ANNUAL STATEMENT

OF THE

Standard Life and Accident Insurance Co.

of

OKLAHOMA CITY

in the

STATE OF OKLAHOMA

TO THE

Insurance Department

OF THE

STATE OF

_____

FOR THE YEAR ENDED
DECEMBER 31, 1961

1961

LIFE AND ACCIDENT AND HEALTH, 1961

1961

DEPT. EXHIBIT NO. 4132-21 EX. H

88

[EXHIBIT H]

ANNUAL STATEMENT

For the Year Ended December 31, 1961

OF THE CONDITION AND AFFAIRS OF THE

Standard Life

AND ACCIDENT INSURANCE COMPANY
OKLAHOMA CITY, OKLAHOMA

Organized under the Laws of the State of OKLAHOMA, made to the

INSURANCE DEPARTMENT OF THE STATE OF

PURSUANT TO THE LAWS THEREOF

Incorporated December 28, 1948 Commenced Business December 28, 1948

Home Office 421 N. W. 13th Street (Street and Number), Oklahoma City, Oklahoma (City or Town, Zone Number and State)

Mail Address 421 N. W. 13th Street (Street and Number), Oklahoma City, Oklahoma (City or Town, Zone Number and State)

OFFICERS

President Leonard H. Savage

Secretary Jack D. Oliver

Treasurer Leonard H. Savage

Vice-Presidents J. I. Gibson

Actuary George W. Thomas

DIRECTORS OR TRUSTEES

Byron V. Boone	F. M. Petree	
J. I. Gibson	Leonard H. Savage	
Ralph C. Beard	Boyce H. Savage	
J. V. Healey		
Jack D. Oliver		

State of Oklahoma
County of Oklahoma } ss

Leonard H. Savage, President, Jack D. Oliver, Secretary, George W. Thomas, Actuary,
Leonard H. Savage, Treasurer* of the STANDARD LIFE AND ACCIDENT INSURANCE COMPANY, being duly sworn, each for himself deposes and says that they are the above described officers of the said insurer, and that on the thirty-first day of December last, all of the herein described assets were the absolute property of the said insurer free and clear from any liens or claims thereon, except as herein stated, and that this annual statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said insurer, as of the thirty-first day of December last, and of its income and deductions therefrom for the year ended on that date, according to the best of their information, knowledge and belief, respectively.

Subscribed and sworn to before me this
_____ day of _____, 1962

_____ Notary Public

My Commission Expires _____

*Or corresponding persons having charge of the accounts and finances of the insurer.

President.
Secretary.
Actuary.
Treasurer*.

Note: The pages identified by the symbol (c) in this annual statement were reproduced by the John S. Swift Company from manual forms copyright 1961 by the John S. Swift Company, Incorporated.

ASSETS

		DOLLARS	CENTS
1.	Bonds (Schedule D)	1,122,291.15	
2.	Stocks (Schedule D)	4,398,437.90	
3.	Mortgage loans on real estate (Schedule B)	10,343,334.20	
4.	Real estate (Schedule A)		
4.1	Properties occupied by the Company (less $ - 0 - encumbrances)	$ 601,343.55	
4.2	Properties acquired in satisfaction of debt (less $ - 0 - encumbrances)	- 0 -	
4.3	Investment real estate (less $175,939.70 encumbrances)	788,366.67	1,389,710.22
5.	Policy loans	343,755.92	
6.	Premium notes		
7.	Collateral loans (Schedule C)	298,267.56	
8.	Cash and bank deposits (Exhibit 13)	1,309,212.35	
9.	Receivables from other companies	5,425.00	
10.			
10A.	Cash and invested assets $ 19,530,434.50 (Items 1 to 10)		
11.	Amounts recoverable from reinsurers (Schedule S)		
12.			
13.			
14.			
15.			
16.			
17.	Life insurance premiums and annuity considerations deferred and uncollected	1,553,137.00	
18.	Accident and health premiums due and unpaid effective after September 30th of current year	980,241.00	
19.	Interest and other investment income due and accrued	143,827.53	
20.	Net adjustment in assets and liabilities due to foreign exchange rates		
21.			
22.			
23.			
24.			
25.			
26.	TOTAL	22,207,660.03	

NOTE: The items on this page to agree with Exhibit 13, Col. 6.
State basis of valuation:

N. A. I. C. Valuation of Securities

LIABILITIES, SURPLUS AND OTHER FUNDS

		DOLLARS	CENTS
1.	Aggregate reserve for life policies and contracts (Exhibit 8)	11,666,839.00	
2.	Aggregate reserve for accident and health policies (Exhibit 9, Part 1)	4,789,926.00	
3.	Supplementary contracts without life contingencies (Exhibit 10, Col. 5)	20,609.00	
4.	Policy and contract claims		
4.1	Life (Exhibit 11, Part 1)	81,466.00	
4.2	Accident and Health (Exhibit 9, Part 2)	1,760,362.00	
5.	Policyholders' dividend accumulations (Exhibit 10, Col. 6)	1,280,451.00	
6.	Policyholders' dividends due and unpaid		
7.	Provision for policyholders' dividends payable in following calendar year—estimated amounts:		
7.1	Apportioned for payment to , 19 $		
7.2	Not yet apportioned	201,602.00	201,602.00
8.	Amount provisionally held for deferred dividend policies not included in Item 7		
9.	Premiums and annuity considerations received in advance less $ - 0 - discount; including $ - 0 - accident and health premiums	35,136.00	
10.	Liability for premium deposit funds	341,643.00	
11.	Policy and contract liabilities not included elsewhere:		
11.1	Surrender values on cancelled policies		
11.2			
11.3			
12.	Accounts Payable	30,225.38	
13.	Commissions to agents due or accrued – Life and Annuity $ - 0 - Accident and Health $ 29,808.00	29,808.00	
14.	General expenses due or accrued (Exhibit 5, Line 11)	52,632.54	
15.	Taxes, licenses and fees due or accrued (including $ 25,000.00 U. S. federal income tax) (Exhibit 6, Line 8)	420,173.25	
16.	"Cost of collection" on premiums and annuity considerations deferred and uncollected in excess of total loading thereon		
17.	Unearned investment income (Exhibit 3, Col. 2)	14,096.00	
18.	Amounts withheld or retained by company as agent or trustee	22,705.75	
19.	Amounts held for agents' account (including $ 25,776.91 agents' credit balances)	25,776.91	
20.	Remittances and items not allocated	14,607.08	
21.	Net adjustments in assets and liabilities due to foreign exchange rates		
22.	Liability for benefits for employees and agents if not included above		
23.	Borrowed money $ 319,653.38 and interest thereon $ 7,833.05	327,486.43	
24.	Dividends to stockholders declared and unpaid		
25.	Miscellaneous liabilities (give items and amounts)		
25.1	Mandatory securities valuation reserve	177,557.96	
25.2			
25.3			
25.4			
25.5			
25.6			
25.7			
25.8			
25.9			
26.	TOTAL LIABILITIES (Except Capital)	20,673,301.28	
27.	Special surplus funds:		
27.1	$		
27.2			
27.3	$		
28.	Capital paid-up 500,000.00		
29.	Unassigned surplus 1,034,338.75		
30.	Total of Items 27 to 29	1,534,338.75	
31.	TOTAL	22,207,640.03	

SUMMARY OF OPERATIONS
(ACCRUAL BASIS)

		DOLLARS CENTS
1.	Premiums and annuity considerations (Exhibit 1, Part 1)	
1.1	Life	7,761,041.28
1.2	Accident and health	18,196,330.67
2.	Considerations for supplementary contracts with life contingencies	
3.	Considerations for supplementary contracts without life contingencies and dividend accumulations	1,150,291.93
4.	Net investment income (Exhibit 2)	630,686.68
5.	Assets acquired through reinsurance	642,369.23
6.		
7.	TOTAL	28,330,519.61
	DEDUCT:	
8.	Death benefits	1,096,640.96
9.	Matured endowments	
10.	Annuity benefits	1,330.96
11.	Disability benefits	630.30
12.	Surrender benefits	131,063.89
12A.	Group conversions	
13.	Benefits under accident and health policies	7,665,010.22
14.	Interest on policy or contract funds	31,376.23
15.	Payments on supplementary contracts with life contingencies	
16.	Payment on supplementary contracts without life contingencies and of dividend accumulations	359,736.31
17.	Increase in aggregate reserve for policies and contracts with life contingencies	3,111,919.70
18.	Increase in reserve for supplementary contracts without life contingencies and for dividend accumulations	361,776.00
19.	Increase in aggregate reserve for accident and health policies	2,834,877.34
20.	Subtotal (Items 8 to 19)	25,605,199.70
21.	Commissions on premiums and annuity considerations	4,734,859.73
22.	Interest paid	39,689.87
23.	General insurance expenses (Exhibit 5, Cols. 1 and 2, Line 13)	2,336,763.57
24.	Insurance taxes, licenses and fees (Exhibit 6, Cols. 1 and 2, Line 10)	325,687.88
25.	Increase in loading on and cost of collection in excess of loading on deferred and uncollected premiums	72,139.31
26.	Acquisition expense of business acquired	4,665,302.17
27.	Total (Items 20 to 26)	37,567,642.31
28.	Net gain from operations before dividends to policyholders and excluding capital gains and losses (Item 7, minus Item 27)	758,697.06
29.	Dividends to life policyholders (Exhibit 7)	667,599.39
30.	Dividends on accident and health policies (Exhibit 7)	
31.	Increase in amount provisionally held for deferred dividend policies	
32.	TOTAL (Items 29 to 31)	667,599.39
33.	NET GAIN FROM OPERATIONS AFTER DIVIDENDS TO POLICYHOLDERS AND EXCLUDING CAPITAL GAINS AND LOSSES (Item 28 minus Item 32)	91,097.67

SURPLUS ACCOUNT

		DOLLARS CENTS			DOLLARS CENTS
34.	Special surplus funds December 31, previous year		43.	Dividends to stockholders	125,000.00
35.	Unassigned surplus December 31, previous year	1,028,399.11	44.		
36.	Prior years depreciation	13,056.66	44A.		
36A.			44B.		
36B.			45.	Net capital losses (Exhibit 4, Col. 6)	
37.	Net gain (from Item 33)	91,097.67	46.	Increase in reserve on account of change in valuation basis	
38.	Net capital gains (Exhibit 4, Col. 5)	103,599.33	47.	Net loss from non-admitted and related items (Exhibit 14, Col. 3, Line 40)	93,871.09
39.	Surplus paid in		48.	Increase in mandatory securities valuation reserve	11,239.43
40.	Net gain from non-admitted and related items (Exhibit 14, Col. 3, Line 40)		49.	Special surplus funds December 31, current year (Item 27, Page 3)	
41.	Decrease in mandatory securities valuation reserve		50.	Unassigned surplus December 31, current year (Item 29, Page 3)	1,036,339.25
42.	Total	1,275,369.77	51.	Total	1,275,369.77

Form 1

ANNUAL STATEMENT FOR THE YEAR 1961 OF THE STANDARD LIFE AND ACCIDENT INSURANCE COMPANY

(Make in Dollar Units)

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

(Gain and Loss Exhibit)

	Total (1)	Industrial Life (Excluding Total and Permanent Disability and Accidental Death Benefits) (2)	Ordinary: Life Insurance (3)	Ordinary: Total and Permanent Disability (4)	Ordinary: Accidental Death (5)	Ordinary: Individual Annuities (6)	Ordinary: Supplementary Contracts (7)	Group: Life Insurance (8)	Group: Annuities (9)	Accident and Health: Group (10)	Accident and Health: Individual (11)
1. Premiums and annuity considerations (Exhibit 1, Part 1)	25,967,391.73		6,067,060.17	46,872.39	33,012.32	- 0 -	X X X	1,816,136.30	- 0 -	4,795,630.58	13,390,693.89
2. Considerations for supplementary contracts with life contingencies			X X X	X X X	X X X	X X X				X X X	X X X
3. Considerations for supplementary contracts without life contingencies and dividend accumulations	1,108,291.93		1,108,291.93								
4. Net investment income (Exhibit 2)	825,486.48		390,686.29	3,096.84	1,142.73	1,351.01	499.44	31,812.16			
5. Assets acquired through reinsurance	847,369.25		72,317.06								369,832.19
6.											
7. Totals	28,748,539.41		7,638,377.45	49,969.23	34,155.05	1,351.01	499.44	1,847,948.46		4,795,630.58	13,760,526.08
8. Death benefits	1,044,640.96		460,985.23	X X X	37,500.00	X X X		606,155.73	X X X	X X X	X X X
9. Matured endowments				X X X	X X X	X X X			X X X	X X X	X X X
10. Annuity benefits	1,550.94		X X X	X X X	X X X	1,550.94		X X X		X X X	X X X
11. Disability benefits	650.30		X X X	650.30	X X X					X X X	X X X
12. Surrender benefits	131,063.89		131,063.89	X X X	X X X	X X X			X X X	X X X	X X X
12A. Group conversions					X X X	X X X			X X X		
12B. Transfers on account of group package policies and contracts	X X X	X X X	X X X	X X X	X X X	X X X	X X X				X X X
13. Benefits under accident and health policies	7,465,010.22	X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X	3,918,558.59	4,366,631.64
14. Interest on policy or contract funds	31,174.35		30,565.35				609.00				
15. Payments on supplementary contracts with life contingencies			X X X	X X X	X X X	X X X				X X X	X X X
16. Payments on supplementary contracts without life contingencies and of dividend accumulations	353,236.31		353,236.31								
17. Increase in aggregate reserve for policies and contracts with life contingencies	3,111,219.70		3,107,286.00	3,993.82	8,373.00	-486.00		-4,805.18			
18. Increase in reserves for supplementary contracts without life contingencies and for dividend accumulations	361,776.00		361,776.00								
19. Increase in aggregate reserve for A&H Policies	1,956,877.36									636,378.00	1,320,369.36
20. Subtotals (Items 8 to 19)	15,655,199.79		4,666,912.58	3,602.12	35,773.00	1,064.94	609.00	599,350.59		3,565,086.59	6,776,803.99
21. Commissions on premiums and annuity considerations	4,736,859.78		1,069,201.71	8,605.31	5,480.53			370,686.46		869,732.36	2,851,559.23
22. Interest paid	39,089.87		38,350.77	239.33	168.68			7,139.09			
23. General insurance expenses (Exhibit 3, Cols. 1 and 2, Line 13)	3,326,763.37		723,102.95	5,592.89	3,896.78			192,584.35		380,372.61	1,018,616.59
24. Taxes, licenses and fees (Exhibit 6, Cols. 1 and 2, Line 10)	325,687.86		56,864.57	409.66	311.66			13,162.85		68,026.57	189,952.77
25. Increase in loading on and cost of collection in excess of loading on deferred and uncollected premiums	72,139.33		31,636.99					20,714.39			
26. Acquisition expenses of business acquired	6,665,302.17		326,665.96								6,338,636.21
27. Totals (Items 20 to 26)	27,347,042.35		6,882,345.53	18,369.29	45,630.65	1,064.94	609.00	1,003,637.53		5,883,214.13	16,173,251.66
28. Net gain from operations before dividends to policyholders and excluding capital gains and losses (Item 7 minus Item 27)	758,897.06		955,432.92	31,720.16	-11,473.50	286.08	-109.56	263,362.86		-87,581.54	-412,815.32
29. Dividends to life policyholders (Exhibit 7)	667,599.59		667,599.59							X X X	X X X
30. Dividends on accident and health policies (Exhibit 7)		X X X	X X X	X X X	X X X	X X X	X X X	X X X	X X X		
31. Increase in amounts provisionally held for deferred dividend policies										X X X	X X X
32. Totals (Items 29 to 31)	667,599.59		667,599.59								
33. Net gain from operations after dividends to policyholders and excluding capital gains and losses (Item 28 minus Item 32)	91,297.47		287,833.33	31,720.16	-11,473.50	286.08	-109.56	263,362.86		-87,581.54	-412,815.32

Form 1 ANNUAL STATEMENT FOR THE YEAR 1961 OF THE STANDARD LIFE AND ACCIDENT INSURANCE CO PART

ANALYSIS OF INCREASE IN RESERVES DURING THE YEAR
(Gain and Loss Exhibit)

	TOTAL (1)	INDUSTRIAL LIFE (Including Total and Permanent Disability and Accidental Death Benefits) (2)	ORDINARY					GROUP	
			Life Insurance (3)	Total and Permanent Disability (4)	Accidental Death Benefits (5)	Individual Annuities (6)	Supplementary Contracts (7)	Life Insurance (8)	Annuities (9)
1. Reserve Dec. 31 of previous year	9,486,595		8,961,223	50,673	13,558	36,574	10,300	460,967	
2. Tabular net premiums or considerations	4,806,486		3,882,380	37,655	21,138		10,000	805,121	
3. Considerations for supplementary contracts without life contingencies and dividend accumulations	1,108,291		1,108,291						
4. Present value of disability claims incurred			X X X		X X X		X X X		
5. Tabular interest	388,865		383,453	1,918	707	778	309	19,682	
6. Tabular less actual reserve released	391	X X X	X X X		X X X	391			
7. Increase in reserve on account of change in valuation basis									
8. Other increases (net)									
9. TOTALS (Items 1 to 8)	15,788,501		14,297,346	90,246	37,393	37,639	20,609	1,335,970	
10. Tabular cost	1,096,618		976,160	23,457	8,451		X X X	891,608	
11. Reserves released by death	160,652		160,652	X X X	X X X	X X X	X X X		X X X
12. Reserves released by other terminations (net)	438,767		419,486	4,312	5,151				
13. Annuity, supplementary contract, disability and accumulated dividend payments	734,787		353,236			1,551			
14. TOTAL DEDUCTIONS (Items 10 to 13)	2,820,603		1,887,332	36,869	13,302	1,551		891,608	
15. Reserve Dec. 31 of current year	12,967,899		12,410,314	53,395	23,831	36,088	20,609	433,462	

Form 1

ANNUAL STATEMENT FOR THE YEAR 1961 OF THE STANDARD LIFE AND ACCIDENT INSURANCE COMPANY

EXHIBIT 1

		TOTAL (1)	INDUSTRIAL LIFE (Excluding Total and Permanent Disability and Accidental Death Benefits) (2)	ORDINARY				GROUP		ACCIDENT AND HEALTH		
				Life Insurance (3)	Total and Permanent Disability (4)	Additional Accidental Death (5)	Individual Annuities (6)	Life Insurance (7)	Annuities (8)	Group (9)	Individual (10)	
	PART 1—Premiums and Annuity Considerations (Gross, Less Reinsurance)											
CURRENT YEAR	**FIRST YEAR (Other Than Single)**											
	1. Uncollected	30,686.00		49,836.00	488.00	374.00						1.
	2. Deferred	357,243.00		351,498.00	3,251.00	2,494.00						2.
	3. Line 1 + Line 2	387,929.00		381,322.00	3,739.00	2,868.00						3.
	4. Advance											4.
	5. Line 3 — Line 4	387,929.00		381,322.00	3,739.00	2,868.00						5.
	6. Collected during year	902,049.69		867,782.33	8,921.61	5,345.75						6.
	7. Line 5 + Line 6	1,289,978.69		1,249,104.33	12,660.61	8,213.75						7.
	8. Previous year (uncollected + deferred — advance)	+ 387,671.44		380,930.93	3,739.10	2,801.42						8.
	9. First year premiums and considerations Line 7 — Line 8	902,307.25		868,173.41	8,921.51	5,412.33				INCLUDED IN RENEWAL		9.
	SINGLE											
	10. Single premiums and considerations	2,610,795.87						1,033,608.10		1,569,005.65	17,172.12	10.
	RENEWAL											
CURRENT YEAR	11. Uncollected	1,681,197.00		688,581.00	9,817.00	940.00		128,398.00		119,955.00	860,286.00	11.
	12. Deferred	1,086,936.00		1,077,031.00	9,942.00	1,983.00						12.
	13. Line 11 + Line 12	2,686,133.00		1,765,612.00	8,759.00	2,923.00		128,398.00		119,955.00	860,286.00	13.
	14. Advance	35,136.00		34,687.00	262.00	187.00						14.
	15. Line 13 — Line 14	2,650,997.00		1,730,925.00	8,497.00	2,736.00		128,398.00		119,955.00	860,286.00	15.
	16. Collected during year	23,161,511.53		6,666,670.39	37,167.36	29,297.03		557,926.00		3,221,939.82	12,632,622.99	16.
	17. Line 15 + Line 16	25,812,508.53		8,397,595.39	45,664.36	32,033.03		686,426.00		3,341,894.82	13,490,908.99	17.
	18. Previous year (uncollected + deferred — advance)	1,387,609.90		1,036,736.59	7,693.36	4,633.14		105,895.89		115,263.89	117,387.22	18.
	19. Renewal premiums and considerations Line 17 — Line 18	24,424,898.63		7,360,858.76	37,951.08	27,399.89		580,528.20		3,226,630.93	13,373,521.77	19.
	TOTAL											
	20. Total premiums and annuity considerations Lines 9, 10 and 19 (to agree with Item 1, Page 6)	25,967,391.75		8,867,049.17	46,872.59	33,012.22	- 0 -	1,614,136.30	- 0 -	4,795,636.58	13,390,693.89	20.
	PART 2—Dividends Applied, Reinsurance Ceded and Commissions Incurred											
	DIVIDENDS APPLIED (Included in Part 1)											
	21. To pay renewal premiums (Exhibit 7, Line 1)	203,682.79		203,682.79								21.
	22. All other (Exhibit 7, Lines 2, 3 and 4)	3,611.62		3,611.62								22.
	REINSURANCE CEDED (Deductions in Part 1)											
	23. First year (other than single)	14,651.43		13,277.20	730.50	643.73						23.
	24. Single	140,890.39						140,890.39				24.
	25. Renewal	166,620.79		84,057.61	6,162.62	7,887.36				8,675.44	37,837.76	25.
	26. Total	320,162.61		97,334.81	6,913.12	8,511.09		140,890.39		8,675.44	37,837.76	26.
	COMMISSIONS INCURRED											
	27. First year (other than single)	895,885.05		866,879.96	5,806.91	5,474.26					169,899.03	27.
	28. Single	1,165,985.03						548,452.03		608,137.44	9,396.36	28.
	29. Renewal	3,262,981.87		602,370.77	2,691.00	2,005.79		22,032.43		261,596.92	2,072,348.96	29.
	30. Total (to agree with Item 21, Page 5)	6,724,852.75		1,469,201.73	8,605.31	5,480.53		570,484.46		869,732.36	2,251,555.35	30.

EXHIBIT 2 NET INVESTMENT INCOME
(Accrual Basis)

		DOLLARS	CENTS
1.	Total interest, dividends and real estate income (Exhibit 3, Col. 7, Line 10)	702,621.92	
2.	Investment expenses (Exhibit 5, Col. 3 Line 13)	36,479.73	
3.	Taxes, licenses and fees (Exhibit 6, Col. 3, Line 10)	7,551.71	
4.	Depreciation on real estate	30,104.00	
5.			
6.	Total (Lines 2 to 5 inclusive)	74,135.44	
7.	NET INVESTMENT INCOME — Line 1 less Line 6 (to Item 4, Page 4)	628,486.48	
8.	Ratio of net investment income to mean assets (see instructions)	.0384	%
9.	Ratio of net investment income to mean assets before federal income tax, if any, included in line 3	.0384	%

EXHIBIT 3—INTEREST, DIVIDENDS AND REAL ESTATE INCOME

		Collected During Year (1)	CURRENT YEAR Uncarned (2)	Due (3)	Accrued (4)	Non-Admitted (5)	Prior Year ((3)+(4)−(2)−(5)) (6)	Earned During Year ((1)+(2)−(3)+(4)+(5)−(6)) (7)
1.	Interest on bonds	71,319.68			12,867.57		21,562.17	62,625.08
2.	Dividends on stocks	4,329.13						4,329.13
3.	Interest on mortgage loans	429,308.19		16,537.02	109,338.03		66,965.77	469,217.47
4.	Real estate income	117,246.17			7,833.05		260.30	109,673.42
5.	Interest on premium notes, policy loans and liens	29,085.45	14,096.00				9,635.14	24,686.59
6.	Interest on collateral loans	9,920.52		1,625.00	3,479.91		1,935.20	15,090.23
7.	Interest on bank deposits							
8.								
9.								
10.	TOTALS	661,209.14	14,096.00	18,162.02	117,852.46	-0-	80,487.70	702,621.92

*Includes $ 826.88 accrual of discount less $ 294.56 amortization of premium and less $ 426.57 paid for accrued interest on purchases.
†Excludes $ 1,310.41 paid for accrued dividends on purchases.
**Includes $ 16,207.03 accrual of discount less $ none amortization of premium and less $ 6,063.89 paid for accrued interest on purchases.
***Includes $ 85,000.00 for company's occupancy of its own buildings; and excludes $ 2,560.32 interest on encumbrances.

Show loans of exclusive:
Bonds † none
Stocks none
Mortgage loans none
Real estate none
Collateral loans none
Bank deposits none

*EXHIBIT 4—CAPITAL GAINS AND LOSSES ON INVESTMENTS

		Increase in Book Value (1)	*Profit on Sale or Maturity (2)	Decrease in Book Value (3)	Loss on Sale or Maturity (4)	Net Gain (+) or Loss (−) From Change in Difference Between Book and Admitted Values (5)	Net Gain (+) or Loss (−) ((1)+(2)−(3)−(4)+(5)) (6)
1.	Bonds		10,701.65		12,671.01	216.65	- 1,752.71
2.	Stocks		42,334.19			120,880.75	163,214.94
3.	Mortgage loans						
4.	Real estate			** 19,866.00			- 19,866.00
5.	Premium notes, policy loans and liens						
6.	Collateral loans						
7.	Cash and bank deposits						
8.	Foreign exchange	X X X	X X X	X X X	X X X		
9.							
10.	TOTALS	-0-	53,035.84	19,866.00	12,671.01	121,097.40	141,596.23

DISTRIBUTION OF LINE 10, COL. (6). (Attach statement or memorandum explaining bases of division).

11.	Net realized capital gains (+) or losses (−) on assets disposed of during the year $ 40,364.83 , less $ 36,606.75 reflected in previous years' statements			40,364.83
12.	Net unrealized capital gains (+) or losses (−) of the year			121,097.40

*Adjustments due to amortization to be reported on Exhibit 5.
**Including $ 10,106.00 depreciation on real estate included in Exhibit 2, Line 4.

EXHIBIT 5 GENERAL EXPENSES

		INSURANCE Life (1)	INSURANCE Accident and Health (2)	INVESTMENT (3)	TOTAL (4)
1.	Rent	77,956.18	111,615.18	6,865.65	196,627.01
2.	Salaries and wages	361,733.78	518,970.90	22,583.20	903,327.88
3.11	*Contributions for benefit plans for employees	6,240.66	8,952.04	389.35	15,582.05
3.12	*Contributions for benefit plans for agents				
3.21	Payments to employees under non-funded benefit programs	110.00			110.00
3.22	Payments to agents under non-funded benefit programs				
3.31	Other employee welfare	13,765.39	19,746.70	859.28	34,371.37
3.32	Other agent welfare	21,025.39	43,867.79		64,893.18
3.4					
4.1	Legal fees and expenses	5,313.91	7,349.45	325.47	13,018.83
4.2	Medical examination fees	20,707.56	3,273.74		23,981.70
4.3	Inspection report fees	19,170.16	39,997.01		59,167.17
4.4	Fees of public accountants and consulting actuaries	2,999.31	250.00	525.00	3,774.31
4.5	Expense of investigation and settlement of policy claims	18,658.92	33,256.46		51,915.38
4.6					
5.1	Traveling expenses	125,059.16	260,905.03		385,964.19
5.2	Advertising	17,656.01	36,837.85		54,493.86
5.3	Postage, express, telegraph and telephone	17,355.86	36,211.65		53,567.53
5.4	Printing and stationery	25,476.16	53,153.97		78,630.13
5.5	Cost or depreciation of furniture and equipment	17,670.82	25,349.10	1,103.08	44,123.00
5.6	Rental of equipment	25,833.21	53,898.93		79,732.14
5.7					
6.1	Books and periodicals	4,325.68	6,202.59	269.80	10,795.97
6.2	Bureau and association dues	1,163.61	1,669.23	72.64	2,905.48
6.3	Insurance, except on real estate	1,623.62	3,387.54		5,011.16
6.4	Miscellaneous losses	4,824.36	8,396.49		13,220.85
6.5	Collection and bank service charges	1,373.52	1,683.43	73.36	3,130.21
6.6	Sundry general expenses				
6.7	Group service and administration fees				
6.8					
7.1	Agency expense allowance	28,726.34	59,936.04		88,662.38
7.2	Agents' balances charged off (less $ -9- recovered)	44,928.13	14,976.04		59,904.17
7.3	Agency conferences other than local meetings	40,170.07	4,463.34		14,633.41
8.1					
8.2					
9.1	Real estate expenses	15,159.59	31,629.26		46,788.85
9.2	Investment expenses not included elsewhere			24,886.84	24,886.84
9.3					
10.	GENERAL EXPENSES PAID	917,946.02	1,386,309.54	55,953.90	2,360,209.46 (To Line 11, Exhibit 11)
11.	General expenses unpaid December 31, current year	23,078.21	30,237.92	1,313.41	53,632.54
12.	General expenses unpaid December 31, previous year	13,049.96	17,758.78	789.98	31,598.72
13.	General expenses incurred during year (10+11−12)	925,974.27	1,398,788.70	56,477.33	2,381,243.28 (To Line 1, Exhibit 7)

(To Item 13, Page 3)

A. Compensation to agents on a plan other than commissions, included in Col. (1): First year $ None , Renewal $ None
B. Agency supervision, except Home Office, included in Col. (1): Line 2 $ None , Line 5.1 $ None , Line 5 $
C. Branch office expenses other than those in A and B included in Col. (1): Line 1 $ None , Line 2 $ None , All other lines $ None

*These items include $ on account of prior service.

EXHIBIT 6—TAXES, LICENSES AND FEES

		INSURANCE Life (1)	INSURANCE Accident and Health (2)	INVESTMENT (3)	TOTAL (4)
1.	Real estate taxes			9,429.61	9,429.61
2.	State insurance department licenses and fees	3,279.05	6,841.46		10,120.51
3.	State taxes on premiums	35,841.25	74,779.90		110,621.15
4.	Other state taxes, incl. $ 9,026.09 Social Security	4,436.29	9,255.96		13,692.25
5.1	U. S. federal income tax	47,842.74	99,820.03		147,662.77
5.2	Other U. S. federal taxes, incl. $35,960.03 Social Security	8,436.97	17,603.06		26,040.03
6.	All other taxes				
7.	TAXES, LICENSES AND FEES PAID	99,836.30	208,300.41	9,429.61	317,566.32 (To Line 10, Exhibit 11)
8.	Taxes, licenses and fees unpaid December 31, current year	136,136.13	284,037.12		420,173.25
9.	Taxes, licenses and fees unpaid December 31, previous year	168,263.91	234,358.49	1,877.90	406,500.00
10.	Taxes, licenses and fees incurred during year (7+8−9)	67,708.52	257,979.34	7,551.71 (To Line 1, Exhibit 7)	333,239.57

(To Item 10, Page 3)

NOTE: Conclude and other foreign taxes are included appropriately at Lines 1, 2, 3, 4 and 6.

EXHIBIT 7 DIVIDENDS TO POLICYHOLDERS

		LIFE	ACCIDENT AND HEALTH
1.	Applied to pay renewal premiums	203,482.79	
2.	Applied to shorten the endowment or premium-paying period	3,611.62	
3.	Applied to provide paid-up additions		
4.	Applied to provide paid-up annuities		
5.	TOTAL (Lines 1-4)	207,094.41	
6.	Paid in cash	11,934.76	
7.	Left on deposit with the company	420,999.42	
8.			
9.	TOTAL (Lines 5-8)	639,997.59	
10.	Amount due and unpaid (Item 6, page 3)		
11.	Provision for annual dividend policies, including $ None terminal dividends (Item 7, page 3, in part)	301,602.00	
12.	Provision for deferred dividend policies (Item 7, page 3, in part)		
13.	TOTAL (Lines 10-12)	301,602.00	
14.	Line 13 of previous year	133,935.00	
15.	TOTAL DIVIDENDS TO POLICYHOLDERS (Lines 9+13-14)	467,589.59 (To Item 10, Page 3)	(To Item 10, Page 3)

EXHIBIT 8 - AGGREGATE RESERVE FOR LIFE POLICIES AND CONTRACTS

Valuation Standard (Indicate mortality and interest basis and valuation method by years of issue and in the case of annuities indicate whether immediate, deferred or both) (1)	Total (2)	Industrial (3)	Ordinary (4)	Group (5)
A. Life Insurance:				
1 Amer. Exp. 3½% (1946-1948) 111. Std.	4,630,861		4,630,861	
2 Comm. Std. Ord. 3½% (1957) CRVM	702,996		702,996	
3 Comm. Std. Ord. 3% (1951) CRVM	3,991,846		3,475,221	516,625
4 Comm. Std. Ord. 2½% (1951) CRVM	276,915		276,915	
5				
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23 Total (Gross)	11,602,618		11,085,993	516,625
24 Reinsurance	131,831		48,668	83,163
25 Total (Net)	11,470,787		11,037,325	433,462
B. Annuities (excluding supplementary contracts with life contingencies):				
1 1937 Std. Ann. (Mod.) 2½%	26,088	X X X	26,088	
2		X X X		
3		X X X		
4		X X X		
5		X X X		
6		X X X		
7		X X X		
8		X X X		
9		X X X		
10		X X X		
11		X X X		
12		X X X		
13		X X X		
14		X X X		
15		X X X		
16		X X X		
17		X X X		
18		X X X		
19		X X X		
20		X X X		
21		X X X		
22		X X X		
23 Total (Gross)	26,088	X X X	26,088	
24 Reinsurance	-0-	X X X	-0-	
25 Total (Net)	26,088	X X X	26,088	
C. Supplementary Contracts With Life Contingencies:				
1				
2				
3				
4				
5 Total (Gross)				
6 Reinsurance				
7 Total (Net)				
D. Accidental Death Benefits:				
1 1926-1933 Double Indemnity Table 3%	27,225		27,225	
2				
3				
4				
5 Total (Gross)	27,225		27,225	
6 Reinsurance	3,394		3,394	
7 Total (Net)	23,831		23,831	
E. Disability - Active Lives:				
1 1926 Class (3) Table 3% (150% Mod.)	52,982		52,982	
2				
3				
4				
5				
6				
7 Total (Gross)	52,982		52,982	
8 Reinsurance	4,319		4,319	
9 Total (Net)	48,663		48,663	
F. Disability - Disabled Lives:				
1 1926 Class (3) Table 3% (150% Mod.)	4,962		4,962	
2				
3				
4				
5				
6				
7 Total (Gross)	4,962		4,962	
8 Reinsurance	-0-		-0-	
9 Total (Net)	4,962		4,962	

EXHIBIT 8 - AGGREGATE RESERVE FOR LIFE POLICIES AND CONTRACTS (Continued)

Valuation Standard (Indicate mortality and interest basis and valuation method by years of issue) (1)	Total (2)	Industrial (3)	Ordinary (4)	Group (5)
G. Miscellaneous Reserves:				
1. For excess of valuation net premiums over corresponding gross premiums on respective policies, computed according to the standard of valuation required by this state	92,508.00		92,508.00	
2. For non-deduction of deferred fractional premiums or return of premiums at the death of the insured				
3. For surrender values in excess of reserves otherwise required and carried in this schedule				
4.				
5.				
6.				
7. Total (Gross)	92,508.00		92,508.00	
8. Reinsurance	-0-		-0-	
9. Total (Net)	92,508.00		92,508.00	
H. Grand Total (Net)—Item 1, Page 3	11,666,839.00		11,233,377.00	433,462.00

EXHIBIT 8A - CHANGES IN BASES OF VALUATION DURING THE YEAR
(Including supplementary contracts set up on a basis other than that used to determine benefits)

	Description of Valuation Class	Valuation Bases: Changed from	Valuation Bases: Changed to	Increase in Actuarial Reserve Due to Change
1.				
2.				
3.	NONE			
4.				
5.				
6.				
7.	Total (to agree with Item 7, Page 6)			

GENERAL INTERROGATORIES

1. Has the company ever issued both participating and non-participating policies? Answer: Yes
2. Does the company at present issue both participating and non-participating policies? Answer: Yes
   If not, state which kind is issued.
   Answer:
3. State the amount of insurance, if any, on which the gross premiums are less than the net premiums according to the standard of valuation required by this State.
   Answer: $ None
   The additional reserve to cover deficiencies in gross premiums must be included on Exhibit 8 if not reported in G, 1 above, state amount: $ Not applicable
4. Does the Company waive deduction of deferred fractional premiums at death on any of its business?
   Answer: Yes, on CSO issues

3. State the amounts of insurance in force under each of the following plans:

	Non-Participating	Participating: Annual Dividend	Participating: Deferred Dividend
Industrial			
Ordinary	105,176,135	127,387,682	
Group	219,821,433		
Totals	324,997,568	127,387,682	

6. Is any surrender value promised in excess of the reserve as legally computed? Answer: No ..... If so, the amount of such excess must be included on C,1 above. Has this been done? Answer:

7. Attach statement of methods employed in the valuation of policies issued at, or subsequently subject to, an extra premium or in the valuation of policies on substandard lives classed as substandard in the year of issue and issued on the special class basis (without grade-up of reserves).
8. Has the company any assessment or stock fund premium policies in force?
   Answer: No If so, state
   Amount of insurance $
   Amount of reserve $
   Basis of reserve:
   Basis of regular assessments:
   Basis of special assessments:
   Assessments collected during year $

EXHIBIT 9—AGGREGATE RESERVE AND POLICY CLAIM LIABILITY FOR ACCIDENT AND HEALTH POLICIES

	Total (1)	Group Accident and Health (2)	Individual Policies: Accident Only (3)	Individual Policies: Accident and Health (4)	Individual Policies: Non-Cancellable Accident and Health (5)	Individual Policies: Hospital and Medical Expense (6)
PART 1—Aggregate Reserve						
1. Unearned premium reserve	4,789,926.00	951,829.00	1,930,151.00	3,110.00	876,316.38	1,026,158.00
2. Additional reserves for guaranteed renewable policies					12,682.00	
3. Present value of amounts not yet due on claims						
4. Reserve for future contingent benefits (deferred maternity and other similar benefits)						
5.						
6.						
7. Total (Gross)	4,836,439.20	960,506.44	1,937,564.85	4,213.53	888,998.38	1,026,158.00
8. Reinsurance	46,513.20	8,675.44	7,413.85	1,103.53	29,320.38	
9. Total (Net) (to Item 2, Page 3)	4,789,926.00	951,829.00	1,930,151.00	3,110.00	859,678.00	1,026,158.00
PART 2—Policy Claim Liability End of Current Year						
1. Due and unpaid						
2. In course of settlement						
3. Incurred but unreported (less reinsurance)	1,260,362.00	441,632.00	211,854.00	4,240.00	125,008.00	477,628.00
4. Total	1,260,362.00	441,632.00	211,854.00	4,240.00	125,008.00	477,628.00
5. Less reinsurance on reported claims (Schedule S)						
6. Net Liability (to Item 4.2, Page 3)	1,260,362.00	441,632.00	211,854.00	4,240.00	125,008.00	477,628.00

Workable portion of holiday applicable to weekly "accident" payments. Reserve for unearned payments appears at Item 2, Page 3 (see Part 1).

EXHIBIT 10 - SUPPLEMENTARY CONTRACTS WITHOUT LIFE CONTINGENCIES AND DIVIDEND ACCUMULATIONS

	Valuation Rate (1)	Contract Rate or Rates (2)	Supplementary Contracts without Life Contingencies: Present Value of Amounts Not Yet Due (3)	Supplementary Contracts without Life Contingencies: Amount Left on Deposit (4)	Supplementary Contracts without Life Contingencies: Totals (5)	Dividend Accumulations (6)
1.						
2.	3	3		30,609.00	30,609.00	1,260,453.00
3.						
4.						
5.						
6.						
7.	Totals (as per Items 3 and 5, Page 3)			30,609.00	30,609.00	1,260,453.00

Indicate number of each class corresponding to each valuation rate.

Form 1

ANNUAL STATEMENT FOR THE YEAR 1961 OF THE STANDARD LIFE AND ACCIDENT INSURANCE COMPANY

EXHIBIT 11—POLICY AND CONTRACT CLAIMS FOR OTHER THAN ACCIDENT AND HEALTH POLICIES

PART 1—Liability End of Current Year

	Total (1)	Industrial Life (Including Total and Permanent Disability and Accidental Death Benefits) (2)	Ordinary: Life Insurance (3)	Ordinary: Total and Permanent Disability (4)	Ordinary: Accidental Death (5)	Ordinary: Supplementary Contracts (6)	Ordinary: Supplementary Contracts (7)	Group: Life Insurance (8)	Group: Annuities (9)
1. Due and unpaid	None								
2. In course of settlement:									
2.1 Resisted									
2.2 Other									
3. Incurred but unreported (less reinsurance)	81,466.00		33,318.00					48,148.00	
4. Total	81,466.00		33,318.00					48,148.00	
5. Less reinsurance on reported claims (Schedule S)									
6. Net Liability (Column 1 to Item 4.1, Page 3)	81,466.00		33,318.00					48,148.00	

*Including matured endowments unpaid amounting to $ -0- **Including matured endowments unpaid amounting to $ -0-
Exclude only portion of liability applicable to assumed "accrued" payments. Reserve for unaccrued payments $ -0- appears in Item 1, Page 3. (See Exhibit 8, Section F.)

PART 2—Incurred During the Year

	Total (1)	Industrial Life (Including Total and Permanent Disability and Accidental Death Benefits) (2)*	Ordinary: Life Insurance (3)**	Ordinary: Total and Permanent Disability (4)	Ordinary: Accidental Death (5)	Ordinary: Supplementary Contracts (6)	Ordinary: Supplementary Contracts (7)	Group: Life Insurance (8)	Group: Annuities (9)
1. Settlements during the year	1,176,576.65		568,173.52	650.30	27,500.00	1,550.94		578,699.89	
2. Deduct reinsurance	110,506.29		110,506.29						
3. Net settlements (Line 1 minus Line 2)	1,066,068.36		457,667.23	650.30	27,500.00	1,550.94		578,699.89	
4. Net liability December 31, current year from Part 1	81,466.00		33,318.00					48,148.00	
5. Amounts recoverable from reinsurers December 31, previous year									
6. Line 3 plus Line 4 plus Line 5	1,147,534.36		490,985.23	650.30	27,500.00	1,550.94		626,847.89	
7. Net liability December 31, previous year	30,692.18		32,000.00					19,692.18	
8. Amounts recoverable from reinsurers December 31, current year (Schedule S)									
9. Line 7 plus Line 8	30,692.18		32,000.00					19,692.18	
10. Net Incurred Claims (Line 6 minus Line 9)	1,116,842.18		460,985.23	650.30	27,500.00	1,550.94		606,155.71	

*Including matured endowments amounting to $ -0- in Line 1 and $ -0- in Line 10. **Including matured endowments amounting to $ -0- in Line 1 and $ -0- in Line 10.
(Equals sum of Lines 10.1, 17 and 22, Exhibit 12. Includes $ 650.30 premiums waived under total and permanent disability benefits.

EXHIBIT 17—RECONCILIATION OF LEDGER ASSETS

			DOLLARS CENTS
INCREASES IN LEDGER ASSETS			
1.	Premiums on life policies and annuity considerations (see Exhibit 1, Part 1)		3,366,606.31
2.	Accident and health cash premiums, including $ 39,067.13 policy, membership and other fees		17,630,760.34
3.	Consideration for supplementary contracts with life contingencies		
4.	Consideration for supplementary contracts without life contingencies including $ disability and Endowment		
5.	Dividends left with the Company to accumulate at interest		3,100,391.93
6.	Interest, dividends and real estate income (Exhibit 3, Column 1)		681,209.36
7.	Increase of paid-up capital during the year		
8.	From other sources (give items and amounts):		
8.1	Assets acquired through reinsurance		667,369.23
8.2			
8.3			
9.	Borrowed money gross $, less amount repaid $		
10.			
11.	Increase in ledger liabilities		236,039.60
12.			
13.	From sale or maturity of ledger assets (Exhibit 4, Column 2)		55,035.86
14.	By adjustment in book value of ledger assets (Exhibit 4, Column 1)		
15.	TOTAL INCREASES IN LEDGER ASSETS		27,443,312.43
DECREASES IN LEDGER ASSETS			
16.	Policy and contract claims:		
16.1	Life (see Exhibit 11, Part 2)	1,066,317.42	
16.2	Accident and health	7,082,036.74	
17.	For annuities with life contingencies, excluding payments on supplementary contracts (including cash refund payments)	1,350.96	
18.	Premium notes and liens voided by lapse, less $ restorations		
19.	Surrender values	331,041.89	
19A.	Group conversions		
19B.	Interest on policy or contract funds	30,212.39	
20.	Dividends to policyholders:		
20.1	Life insurance and annuities (Exhibit 7)	439,991.39	
20.2	Accident and health (Exhibit 7)		8,950,197.17
21.	TOTAL PAID POLICYHOLDERS		
22.	Paid for claims on supplementary contracts:		
22.1	With life contingencies		
22.2	Without life contingencies		353,336.21
23.	Dividends and interest thereon held on deposit disbursed during the year		
24.			
25.			
26.	Commissions to agents (less commissions on reinsurance):		
26.1	Life insurance and annuities (including $ commuted commissions)	1,633,833.92	
26.2	Accident and health (including $ commuted commissions)	3,051,777.60	
26.3	Policy, membership and other fees retained by agents	39,087.13	4,724,700.65
27.	General expenses (Exhibit 5, Line 10)		3,360,209.48
28.	Taxes, licenses and fees (Exhibit 6, Line 7)		317,364.32
29.	Decrease of paid-up capital during the year		
30.	Paid stockholders for dividends (cash $ 123,000.00 , stock $)		123,000.00
31.	Borrowed money repaid gross $ less amount borrowed $		
32.	Interest on borrowed money		39,889.87
33.	Cost of acquisition of other insurance companies		6,663,302.17
34.			
35.			
36.	From sale or maturity of ledger assets (Exhibit 4, Column 4)		32,671.01
37.	By adjustment in book value of ledger assets (Exhibit 4, Column 3 and Exhibit 2 ,Line 4)		29,970.00
38.	TOTAL DECREASES IN LEDGER ASSETS		21,578,962.80
RECONCILIATION BETWEEN YEARS			
39.	Amount of ledger assets December 31st of previous year		13,735,046.46
40.	Increase ( ) or decrease (—) in ledger assets during the year (Line 15 minus Line 38)		5,863,769.77
41.	TOTAL LEDGER ASSETS DECEMBER 31ST OF CURRENT YEAR		19,598,836.23

EXHIBIT 13 ASSETS

		Ledger Assets (1)	Non-Ledger Assets (2)	Assets Not Admitted (3)	Net Admitted Assets (4)
1.	Bonds	1,119,934.45	2,356.70		1,122,291.15
2.	Stocks	4,128,189.71	670,248.19		4,798,437.90
3.	Mortgage loans on real estate:				
3.1	First liens	10,363,336.20			10,363,336.20
3.2	Other than first liens				
4.	Real estate (less $ 175,039.70 encumbrances):				
4.1	Properties occupied by the company	601,363.55			601,363.55
4.2	Properties acquired in satisfaction of debt				
4.3	Investment real estate	788,366.67			788,366.67
5.	Policy loans	363,755.91			363,755.91
6.	Premium notes (including $ for first year premiums)				
7.	Collateral loans	398,367.36			398,367.36
8.	Cash and bank deposits:				
8.1	Cash in company's office	895.35			895.35
8.2	Deposits in banks and trust companies (Schedule E)	1,308,316.20			1,308,316.20
9.	Receivable from other companies	5,423.00			5,423.00
10.					
11.	Amounts recoverable from reinsurers				
12.	Other assets (give items and amounts):				
12.1	Agents' balances (debit $59,903. Deficit $23,776.91)	333,336.33		333,336.33	-0-
12.2	Bills receivable				-0-
12.3	Furniture and equipment	325,536.23		325,536.23	-0-
12.4	Cash advanced to or in hands of officers or agents	1,300.00		1,300.00	-0-
12.5	Loans on personal security, endorsed or not				-0-
12.6					
13.	Automobiles owned	81,062.06		81,062.06	-0-
14.					
15.					
16.					
17.	Life insurance premiums and annuity considerations deferred and uncollected on in force Dec. 31st of current year (less reinsurance premiums):				
17.1	Industrial uncollected (excluding $940,636.00 loading)	-0-			
17.2	Ordinary deferred and uncollected—New business (excluding $247,702.00 loading)	160,327.00			
17.3	Ordinary deferred and uncollected—Renewal (excluding $284,396.00 loading)	1,331,900.00			
17.4	Group life deferred and uncollected (excluding $68,330.00 loading)	60,010.00			
17.5	Group annuity uncollected (excluding $ loading)	-0-			
17.6	TOTAL (to Col. 3)	1,552,237.00	1,552,237.00		1,552,237.00
18.	Accident and health premiums due and unpaid		980,161.00		980,161.00
19.	Interest and real estate income due and accrued:				
19.1	Interest due and accrued		163,817.53		163,817.53
19.2	Real estate income due and accrued				
19.3					
20.	Net adjustment in assets and liabilities due to foreign exchange rates				
21.					
22.					
23.					
24.					
25.					
26.	TOTALS	19,598,836.23	3,169,810.42	561,004.62 *	22,207,642.03

EXHIBIT 14—ANALYSIS OF NON-ADMITTED ASSETS AND RELATED ITEMS
(Excluding Investment Adjustments Not Listed)

		Ledger Previous Year (1)	Ledger Current Year (2)	Changes for Year (Increase (-) or Decrease (+)) (3)	
27.	Company's stock owned			X X X X X	
28.	Loans on company's stock				
29.	Supplies, stationery, printed matter				
30.	Furniture and equipment	93,259.62	121,536.85	- 32,276.83	
31.	Commuted commissions			X X X X X	
32.	Agents' balances (net)	299,732.32	333,736.33	- 33,436.01	
33.	Cash advanced to or in the hands of officers or agents	1,200.00	1,200.00	-0-	
34.	Loans on personal security endorsed or not				
35.	Bills receivable				
36.	Premium notes, etc., in excess of net value and other policy liabilities on individual policies			X X X X X	
37.	Accident and health premiums due and unpaid, if in excess price to (Order $)				
38.	Other assets not admitted (itemize)				
38.1	Automobiles owned	49,370.02	81,062.06	- 31,772.02	
38.2					
38.3					
39.	Agents' credit balances (Page 3, Item 19 inside)	25,438.43	23,776.91	+ 1,661.52	
40.	TOTALS (Col. 3)*	X X X X X	X X X X X	- 63,673.09	

*Carry to Item 40, page 4 of (1), or to Item 42, page 4 of (2)

Rev. 5-64 [illegible] 17

Department of the Treasury

Regional Commissioner
Internal Revenue Service
Southwest Region

Date: MAR 11 1971 | In reply refer to: AP:D:90-D

Certified Mail

Standard Life and Accident Insurance Company
421 N. W. 13th Street
Oklahoma City, Oklahoma 73103

Gentlemen:

Tax Year Ended	Deficiency	Addition to Tax Section 6653(a)
December 31, 1958	$25,974.93	$1,298.75
December 31, 1959	90,647.02	4,532.35
December 31, 1961	34,986.04	1,749.30

This letter is to notify you—as required by law—that we have determined the income tax deficiencies shown above. I regret we have been unable to reach a satisfactory agreement in your case. The enclosed statement shows how the deficiencies were computed.

If you do not intend to contest this determination in the United States Tax Court, please sign and return the enclosed waiver form. This will permit an early assessment of the deficiencies and limit the accumulation of interest. The enclosed self-addressed envelope is for your convenience.

If you decide not to sign and return the waiver, the law requires that after 90 days from the date of mailing this letter (150 days if this letter is addressed to you outside the United States and the District of Columbia) we assess and bill you for the deficiencies. However, if within the time stated you contest this determination by filing a petition with the United States Tax Court, Box 70, Washington, D.C. 20044, we may not assess any deficiencies and bill you until after the Tax Court has decided your case. You may obtain a copy of the rules for filing a petition by writing to the Clerk of the Tax Court at the Court's Washington, D.C. address.

If you intend to file a petition with the United States Tax Court, you must do so within the time stated above (90 or 150 days, as the case

may be); this period is fixed by law, and the Court cannot consider your case if your petition is filed late.

Under section 7463 of the Internal Revenue Code, the United States Tax Court has a simplified procedure for handling cases where the disputed portion of the deficiency does not exceed $1,000 for any one taxable year. You may obtain information on this special procedure as well as a copy of the rules for filing a petition with the Tax Court, by writing to the Clerk of the Tax Court at the Court's Washington, D.C. address.

Sincerely yours,
Randolph W. Thrower
Commissioner
By

J. L. Finch
Acting Chief
Appellate Branch Office

Enclosures:
Waiver, Form 870
Statement
Envelope

[EXHIBIT I]

(JANUARY 1961) | STATUTORY NOTICE STATEMENT | AP:D:DAB:MSA mw:90-D

Standard Life and Accident Insurance Company
421 N. W. 13th Street
Oklahoma City, Oklahoma 73103

KIND OF TAX
Income

TAXABLE YEAR ENDED	DEFICIENCY		ADDITION TO TAX SECTION 6653(a)
December 31, 1958	TAX	$25,974.93	$1,298.75
December 31, 1959		90,647.02	4,532.35
December 31, 1961		34,986.04	1,749.30
Total		$151,607.99	$7,580.40

It is determined that part of the underpayment of tax for the taxable years ended December 31, 1958, December 31, 1959 and December 31, 1961, is due to negligence or intentional disregard of rules and regulations. Consequently, the 5 per centum addition to the tax provided by section 6653(a) of the 1954 Internal Revenue Code is asserted for those years.

Copy to Authorized Representative:
Mr. Gene A. Castleberry
1911 Liberty Bank Building
Oklahoma City, Oklahoma 73102

Mr. Martin Bednar
1310 Liberty Bank Building
Oklahoma City, Oklahoma
73102

FORM 4089 (1-60)

FORM 4387 (REV. JAN. 1959) | DEPARTMENT OF THE TREASURY - INTERNAL REVENUE SERVICE | POLICYHOLDERS SHARE OF INVESTMENT YIELD (Not Includible in Taxable Investment Income) | SCHEDULE

Standard Life & Accident Insurance Co. | TAXABLE YEAR 1958

PART I – EARNINGS RATES

	(a) MEAN OF ASSETS (Same as Exhibit, Sheet 2)	(b) INVESTMENT YIELD (Sheet 5) SCHEDULE	(c) EARNINGS RATE PERCENT (Column (b) divided by Column (a))
CURRENT YEAR (Page 1, Exhibit A)	7,827,580.00	277,997.00	3.55151
FIRST PRECEDING YEAR	5,525,659.00	179,526.00	3.248795
SECOND PRECEDING YEAR	3,162,648.00	107,602.00	3.40228
THIRD PRECEDING YEAR	1,683,915.00	79,002.00	4.69157
FOURTH PRECEDING YEAR	1,156,398.00	46,242.00	3.99880
TOTAL (Include only years the company was an insurance company)			18.893711
AVERAGE EARNINGS RATE			3.778622

PART II – COMPUTATION OF ADJUSTED LIFE INSURANCE RESERVES

MEAN OF RESERVES (Same as return)		3,715,833.00
MULTIPLIED BY THAT PERCENTAGE WHICH EQUALS	100%	
INCREASED BY 10 TIMES THE AVERAGE RATE OF INTEREST ASSUMED. (As per return)	32.4864%	
SUB-TOTAL	132.4864%	
REDUCED BY 10 TIMES THE ADJUSTED RESERVE RATE (Lesser of line 1 (c) or line 7)	35.5151%	
LINE 11 LESS LINE 12		96.9713%
ADJUSTED LIFE INSURANCE RESERVES (Line 8 times line 13)		3,603,291.57

PART III – POLICYHOLDERS SHARE OF INVESTMENT YIELD

ADJUSTED LIFE INSURANCE RESERVES (From line 14 above)	3,603,291.57	
MULTIPLIED BY ADJUSTED RESERVE RATE (Lesser of line 1 (c) or line 7)	3.55151%	127,971.24
PENSION PLAN RESERVES (Line 14(c), Form 4383) SCHEDULE		
MULTIPLIED BY CURRENT EARNINGS RATE (Line 1 (c), above)		
INTEREST PAID (Same as return)		16,582.00
CONNECTED POLICY AND OTHER CONTRACT LIABILITY REQUIREMENTS (Total of lines 15, 18, and 19, above)		144,553.26
INVESTMENT YIELD (Line 22(c), Part 1)		277,997.00
POLICYHOLDERS SHARE (Line 20 divided by line 21)		51.9981%

GPO 870-300

FORM 4387 (REV. 1-59)
PAGE

(REV. AUG. 1954)

TAXABLE INVESTMENT INCOME

NAME: La. Land Life & Accident Insurance Co.

YEAR: 1958

1. POLICYHOLDERS' SHARE OF INVESTMENT YIELD - (Schedule)	81.9981%
2. COMPANY'S SHARE OF INVESTMENT YIELD	18.0019%
3. TOTAL	100%

	TOTAL (a)	EXCLUSION LINE (1) X COL. (a) (b)	COMPANY'S SHARE LINE (2) X COL. (a) (c)
4. INTEREST WHOLLY TAX-EXEMPT (Line 11(d), Schedule)	12,350.00	6,421.77	5,928.23
5. (a) DIVIDENDS RECEIVED FROM DOMESTIC CORPORATIONS (Line 7(d), Schedule)	13,668.00	7,107.10	6,560.90
(b) DIVIDENDS FROM CERTAIN PREFERRED STOCK OF PUBLIC UTILITIES (Line 7(d), Schedule)	4,144.00	2,154.80	1,989.20
(c) DIVIDENDS FROM CERTAIN FOREIGN CORPORATIONS (Line 8(d), Schedule)			
6. OTHER ITEMS OF INVESTMENT YIELD (Line 22(d), Schedule less 4-7 above)	247,835.00	128,869.59	118,965.41
7. (a) LONG-TERM CAPITAL GAIN (Line 16(e), Schedule)*			
8. TOTAL OF LINES 4 THROUGH 7	277,997.00	144,553.26	133,443.74
9. INTEREST WHOLLY TAX-EXEMPT (Line 4(c) above)			5,928.23
10. 85% OF DIVIDENDS ON LINE 5(a) ABOVE			5,576.77
11. 6[illegible]% OF DIVIDENDS ON LINE 5(b) ABOVE			1,235.59
12. 85% OF DIVIDENDS ON LINE 7(c) AS LIMITED BY SECTION 245 (For computation, See Schedule)			
13. TOTAL OF LINES 12 THROUGH 14, BUT NOT TO EXCEED 85% OF TAXABLE INVESTMENT INCOME COMPUTED WITHOUT THIS DIVIDENDS RECEIVED DEDUCTION			6,812.36
16. SMALL BUSINESS DEDUCTION			25,000.00
17. TOTAL OF LINES 11, 15, AND 16			37,740.59
18. TAXABLE INVESTMENT INCOME (Line 10 less Line 17, but not less than zero)			95,703.15

* LINE 9 APPLICABLE ONLY TO YEARS BEGINNING AFTER DEC. 31, 1961

GPO 890-993

FORM 3350 Sheet 20 (REV. 8-54) Page

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(FEB. 1958)

COMPUTATION OF GAIN OR LOSS FROM OPERATIONS

NAME: Standard Life & Accident Insurance Co.

TAXABLE YEAR: 1958

INCOME

1. COMPANY SHARE OF INVESTMENT YIELD (Line 17(e), Form 4198) SCHEDULE .	138,626.00
2. NET LONG TERM CAPITAL GAIN (Line 4, Form 4381) SCHEDULE .	
3. GROSS PREMIUMS LESS RETURN PREMIUMS (Line 17, Sheet 21)	10,222,481.00
4. DECREASE IN SECTION 810(c) RESERVES, (Line 12, Form 4195) SCHEDULE .	
5. DECREASE IN SECTION 811 (b)(2) RESERVES (Line 11, Form 4199) SCHEDULE .	
6. OTHER AMOUNTS (Specify) SCHEDULE Line 24 Col. (d), Sheet 9 .	512,226.00
7. TOTAL (Lines 1 through 6)	10,873,333.00

DEDUCTIONS

8. DEATH BENEFITS (Sheet 11)	3,598,740.00
9. INCREASE IN SECTION 810(c) RESERVES (Line 10, Sheet 12) SCHEDULE .	1,865,748.09
10. CONSIDERATION PAID ON ASSUMPTION REINSURANCE	
11. INTEREST WHOLLY TAX-EXEMPT (Line 11(c), Form 4390) SCHEDULE .	6,158.45
12. INVESTMENT EXPENSES NOT DEDUCTED IN COMPUTING INVESTMENT YIELD (Line 8, Form 4302) SCHEDULE .	
13. SMALL BUSINESS DEDUCTION (not to exceed $25,000, limited for affiliated groups, 10% of line 22(d) Form 4399) SCHEDULE .	25,000.00
14. OTHER DEDUCTIONS (not deducted in computing investment yield) (Specify) SCHEDULE . Line 24, Col. (d), Sheet 9	1,435,472.68
15. TOTAL - (Lines 8 through 14)	9,931,319.22

DIVIDENDS RECEIVED DEDUCTION

16. 85% OF DIVIDENDS ON LINE 12(a), FORM 4390, SCHEDULE .	5,793.33	
17. (a) 62.115% OF DIVIDENDS ON LINE 13(a), FORM 4390, SCHEDULE .	1,283.58	
85% OF DIVIDENDS ON LINE 14(a), FORM 4390, SCHEDULE .		
100% OF DIVIDENDS ON LINE 15, COL. (c), FORM 4390, SCHEDULE .		
17. TOTAL OF LINES 16 THROUGH 19 BUT NOT TO EXCEED 85% OF TAXABLE INCOME WITHOUT THIS DEDUCTION. (Limitation does not apply to amounts on Line 19 above.)		7,076.91
18. OPERATIONS LOSS DEDUCTION (Per return or Exhibit)		
19. TENTATIVE DEDUCTION (Line 15 plus lines 20 and 21)		9,938,396.13
20. SPECIAL DEDUCTIONS SECTION 809(d)(3), (5) AND (6) AS LIMITED (Line 21 Form 4400) SCHEDULE .		467,989.00
21. TOTAL DEDUCTIONS (Line 22 plus line 23)		10,406,385.13
GAIN (Loss) FROM OPERATIONS (Difference between lines 7 and 24)		466,947.87

FORM 4401 (2-58)

PAGE

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(Feb. 1962) TRANSLUCENT

NET PREMIUMS
(GROSS PREMIUMS LESS RETURN PREMIUMS)

7 OF 66 PAGES

NAME: Standard Life & Accident Insurance Co.

YEAR: 1958

SCHEDULE

ITEM	PER BAR	INCREASE	DECREASE	CORRECTED
1. LIFE	3,094,874.00			3,077,874.00
2. GROUP LIFE	1,060,835.00			1,060,835.00
3. GROUP ANNUITY				
4. GROUP ACCIDENT & HEALTH	1,790,153.00			1,790,153.00
5. CASUALTY				
6. INDIVIDUAL A & H	3,546,026.00			3,546,026.00
7. Supplementary Contracts	673,880.00			673,880.00
Unallocated	35,284.00			35,284.00
Advance premiums		16,429.00	-0-	16,429.00
TOTAL	10,206,052.00	16,429.00	-0-	10,222,181.00

EXPLANATION

Advance premiums at 12-31-58 were not included in premiums income.

(Feb. 1962) TRANSLUCENT

INVESTMENT EXPENSES

9 OF 66 PAGES

NAME: Standard Life & Accident Insurance Co.

YEAR: 1958

SCHEDULE

[ ] INVESTMENT EXPENSES NOT ALLOWED IN COMPUTING INVESTMENT YIELD [X] OTHER DEDUCTIONS NOT ALLOWED IN COMPUTING INVESTMENT YIELD

[ ] OTHER AMOUNTS INCOME NOT INCLUDED IN COMPUTING INVESTMENT YIELD, AND NOT INCLUDED AS PREMIUMS, OR IN DECREASE IN RESERVES.

ITEM	(a) PER BAR	(b) INCREASE	(c) DECREASE	(d) CORRECTED
Commissions	2,228,553.00	42,266.99		2,270,819.99
Administrative Travel	25,014.00	5,000.00		30,014.00
Advertising	27,948.00			27,948.00
Printing and Stationery	120,926.00			120,926.00
Books and Periodicals	9,394.00			9,394.00
Salary General	4,252.00		856.55	3,395.45
Agents Balances Written off	-0-	38,553.00		38,553.00
Promotion and Entertainment	24,925.00			24,925.00
Depreciation	32,230.00	4,943.00		37,173.00
Amortization	12,352.00		12,352.00	-0-
	-0-	331.24		331.24
Increase in Loading *	-0-			-0-
Balance of Deductions	1,873,436.00		1,443.00 **	1,871,993.00
* The deduction of $65,308 claimed on return for increase in loading is not an allowable deduction.				
* Real Estate Expense				
TOTAL	4,357,030.00	91,094.23	14,651.55	4,435,472.68

FORM 3350 SHEET 12
(Feb 1962)
TRANSLUCENT

U.S. TREASURY DEPARTMENT - INTERNAL REVENUE SERVICE

SECTION 810(c) RESERVES

PAGE 13 OF 65 PAGES

NAME Standard Life and Accident Insurance Co. | YEAR 1958 | ☐ DECREASE (Section 810(a)) | ☑ INCREASE (Section 810(b)) | SCHEDULE

	(a) RESERVE AT BEGINNING OF TAXABLE YEAR	(b) RESERVE AT END OF TAXABLE YEAR	
1. SEE 810(C) (1) RESERVES (Same as return)	2,996,375.00	4,435,290.00	
2. SEE 810(C) (2) RESERVES (FROM LINE 14, SHEET 13)	637,289.00	1,027,997.07	
3. SEE 810(C) (3) RESERVES (FROM LINE 11, SHEET 10)			
4. SEE 810(C) (4) RESERVES (Same as return)	260,195.00	422,318.00	
5. SEE 810(C) (5) RESERVES (From Line 11, Sheet 10)	193,339.00	206,712.00	
6-A. REDUCTION FOR INVESTMENT YIELD (FROM _____)			
6-B. REDUCTION FOR REQUIRED INTEREST (FROM Line 6, Form 4390		139,371.00	
7. BALANCE (Total of lines 1-5 adjusted by line 6-A or 6-B)	4,087,198.00	5,952,346.07	
8-A. INCREASE IN RESERVES - LINE 7 COL (b) - LINE 7 COL (a) BUT NOT LESS THAN ZERO (Increase only)			1,865,148.09
8-B. DECREASE IN RESERVES - LINE 7 COL (A) - LINE 7 COL (b) BUT NOT LESS THAN ZERO (Decrease only)			
9. ADD: INCREASE/DECREASE ATTRIBUTABLE TO SEC 810(D) (FROM _____)			
10. INCREASE/~~DECREASE~~ IN RESERVES			1,865,148.09

REMARKS

Form 4390 (Rev. 1960)

POLICYHOLDERS SHARE OF INVESTMENT INCOME – COMPANY SHARE OF INVESTMENT YIELD

NAME: Standard Life & Accident Insurance Company

TAXABLE YEAR: 1958

PART I - POLICYHOLDERS SHARE OF INVESTMENT INCOME (Not Included in Computation of Gain or Loss from Operations)

	(a) RATE	(b) BEGINNING OF YEAR	(c) END OF YEAR	(d) MEAN	(e) REQUIRED INTEREST (Col. (d) times Col. (a))
1. SEC. 810(c)(1) LIFE RESERVES (Same as return)					120,714.00
2. SEC. 810(c)(2) PENSION PLAN RESERVES (Line 14(f), Form 4383) SCHEDULE _____.					
3. SEC. 810(c)(3) RESERVES (Line 12, Form 4389) SCHEDULE _____.					
4. SEC. 810(c)(4) RESERVES (Same as return)	3 1/2	260,195.00	422,318.00	341,257.00	11,944.00
5. SEC. 810(c)(5) RESERVES (Same as return)	3 1/2	193,339.00	206,712.00	200,025.50	6,713.00
6. REQUIRED INTEREST (Total of lines 1 through 5) (Same as return)					139,371.00
7. INVESTMENT YIELD (Line 22(d), Sheet 1 SCHEDULE _____.					277,997.00
8. POLICYHOLDERS SHARE (Line 6 divided by Line 7)					50.1340%
9. COMPANY SHARE OF INVESTMENT YIELD (Line 10, Less line 8)					49.8660%
10. TOTAL					100%

PART II - COMPANY SHARE OF INVESTMENT YIELD

	(a) TOTAL	(b) EXCLUSION (Col. (a) times Line 8)	(c) COMPANY SHARE (Col. (a) times Line 9)
11. INTEREST WHOLLY TAX-EXEMPT (Line 1(d), Sheet 1 SCHEDULE _____.	12,350.00	6,191.55	6,158.45
12. DIVIDENDS FROM DOMESTIC CORPORATIONS (Line 6(d), Sheet 1 SCHEDULE _____.	13,668.00	6,852.32	6,815.68
13. DIVIDENDS FROM CERTAIN PREFERRED STOCK OF PUBLIC UTILITIES (Line 7(d), Sheet 1 SCHEDULE _____.	4,144.00	2,077.55	2066.45
14. DIVIDENDS FROM CERTAIN FOREIGN CORPORATIONS (Line 8(d), Form 4390) SCHEDULE _____.			
15. QUALIFYING DIVIDENDS - AFFILIATED GROUPS (Line 9(d), Form 4390) SCHEDULE _____.			
16. OTHER ITEMS OF INVESTMENT YIELD (Line 22(d), Sheet 1 Schedule _____ less Lines 11 through 15)	247,835.00	124,249.58	123,585.42
17. TOTAL	277,997.00	139,371.00	138,626.00

* FORM 4403
* (FEB. 1958)

LIFE INSURANCE COMPANY TAXABLE INCOME

NAME: Leonard Life & Accident Insurance Co. — TAXABLE YEAR: 1958

1. TAXABLE INVESTMENT INCOME AS CORRECTED (Line ~~Column~~ SCHEDULE ___)	95,703.15
2. GAIN FROM OPERATIONS (Line 25, Form 4101, If a loss, enter zero) SCHEDULE ___	466,947.87
3. THE SMALLER OF LINE (1) OR (2)	95,703.15
4. 50% OF THE EXCESS IF ANY OF LINE (2) OVER LINE (1)	185,622.36
5. AMOUNT SUBTRACTED FROM POLICYHOLDERS SURPLUS ACCOUNT (Line 15, Form 6402) SCHEDULE ___	-0-
6. LIFE INSURANCE COMPANY TAXABLE INCOME (Total Lines 3, 4, and 5)	281,325.51

18 Sheet 20

FORM 3350 Sheet 8 (Feb. 1962) TRANSLUCENT

U. S. TREASURY DEPARTMENT — INTERNAL REVENUE SERVICE

COMPUTATION OF INCOME TAX FOR YEAR 1958

18 OF 66 PAGES

NAME: Leonard Life & Accident Insurance Co. — SCHEDULE

CORRECTED LIFE INSURANCE COMPANY TAXABLE INCOME (From line 6, Form 4403)		281,325.51
TAX ON AMOUNT IN LINE 1	*TAX RATE USED 52% - 5,500	140,789.27
LESS: CREDIT FOR INCOME TAX PAID TO A FOREIGN COUNTRY OR U.S. POSSESSION (Sched. ___)		
CORRECTED INCOME TAX LIABILITY		140,789.27
INCOME TAX LIABILITY PER RETURN OR AS PREVIOUSLY ADJUSTED		114,814.34
[X] STATUTORY DEFICIENCY [ ] OVERASSESSMENT (difference between Lines 4 and 5)		25,974.93
PENALTIES OR ADDITIONS TO TAX (If any)		1,298.75
IF L... (1) IS NOT OVER $25,000. - 30%; OVER $25,000. - 52% REDUCED BY $5,500. - (Add 2% in each instance if a consolidated Return)		

REMARKS

Additions to Tax, Section 6653(a)

Income tax liability		$ 140,789.27
Income tax liability disclosed by returns	$ 6,734.70	
Additional assessment	108,079.64	114,814.34
Deficiency		$ 25,974.93
5% negligence penalty (5% of $25,974.93 plus $108,079.64)		$ 6,702.73
Amount previously assessed		5,403.98
Additional penalty due		$ 1,298.75

FORM 4337 (REV. JAN. 1959)

DEPARTMENT OF THE TREASURY - INTERNAL REVENUE SERVICE

POLICYHOLDERS SHARE OF INVESTMENT YIELD
(Not Includible in Taxable Investment Income)

SCHEDULE

NAME: Standard Life & Accident Insurance Co.

TAXABLE YEAR: 1959

PART I – EARNINGS RATES

	(a) MEAN OF ASSETS (Same as RAR, Sheet 2)	(b) INVESTMENT YIELD SCHEDULE (Sheet 5)	(c) EARNINGS RATE PERCENT (Column (b) divided by Column (a))
CURRENT YEAR (Page 3, Exhibit A)	10,608,830.00	297,498.03	2.80425
FIRST PRECEDING YEAR (Page 1, Exhibit A	7,827,580.00	277,997.00	3.55151
SECOND PRECEDING YEAR	5,525,659.00	179,526.00	3.24895
THIRD PRECEDING YEAR	3,162,648.00	107,602.00	3.40228
FOURTH PRECEDING YEAR	1,683,915.00	79,002.00	4.69157
TOTAL (Include only years the company was an insurance company)			17.698.56
AVERAGE EARNINGS RATE			3.53971

PART II – COMPUTATION OF ADJUSTED LIFE INSURANCE RESERVES

1. MEAN OF RESERVES (Same as return)		5,359,528.00
2. MULTIPLIED BY THAT PERCENTAGE WHICH EQUALS	100%	
3. INCREASED BY 10 TIMES THE AVERAGE RATE OF INTEREST ASSUMED. (Same as return)	32.4623 %	
4. SUB-TOTAL	132.4623 %	
5. REDUCED BY 10 TIMES THE ADJUSTED RESERVE RATE (Lesser of line 1 (c) or 7)	28.04425 %	
6. LINE 11 LESS LINE 12		104.4198 %
7. ADJUSTED LIFE INSURANCE RESERVES (Line 8 times line 13)		5,596,408.42

PART III – POLICYHOLDERS SHARE OF INVESTMENT YIELD

8. ADJUSTED LIFE INSURANCE RESERVES (From line 14 above)	5,596,408.42	
9. MULTIPLIED BY ADJUSTED RESERVE RATE (Lesser of line 1 (c) or line 7)	2.80425 %	156,937.28
10. PENSION PLAN RESERVES (Line 14(c), Form 4383) SCHEDULE		
11. MULTIPLIED BY CURRENT EARNINGS RATE (Line 1(c), above)	%	
12. INTEREST PAID (Same as return)		11,861.00
13. CORRECTED POLICY AND OTHER CONTRACT LIABILITY REQUIREMENTS (Total of lines 15, 18, and 19, above)		168,798.28
14. INVESTMENT YIELD (Line 23(d), Sheet 1)		297,498.03
15. POLICYHOLDERS SHARE (Line 20 divided by line 21)		56.7393 %

GPO 870-200

FORM 4387 (REV. 1-59) PAGE _____

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FORM 3350 Sheet 20 (REV. AUG. 1964)

TAXABLE INVESTMENT INCOME

NAME: Standard Life & Accident Insurance Co.

YEAR: 1959

1. POLICYHOLDERS' SHARE OF INVESTMENT YIELD - (Schedule _____)			56.7393
2. COMPANY'S SHARE OF INVESTMENT YIELD			43.2607
3. TOTAL			100%
	TOTAL (a)	EXCLUSION LINE (1) X COL. (a) (b)	COMPANY'S SHARE LINE (2) X COL. (a) (c)
4. INTEREST WHOLLY TAX-EXEMPT (Line 11(d), Schedule _____)	11,396.00	6,466.01	4,929.99
5. DIVIDENDS RECEIVED FROM DOMESTIC CORPORATIONS (Line 6(d), Schedule _____)	21,358.00	12,118.38	9,239.62
6. DIVIDENDS FROM CERTAIN PREFERRED STOCK OF PUBLIC UTILITIES (Line 7(d), Schedule _____)	934.00	529.95	404.05
7. DIVIDENDS FROM CERTAIN FOREIGN CORPORATIONS (Line 8(d), Schedule _____)			
8. OTHER ITEMS OF INVESTMENT YIELD (Line 22(d), Schedule _____ less 4-7 above)	263,810.03	149,683.94	114,126.09
9. Net LONG-TERM CAPITAL GAIN (Line 18(e), Schedule _____)*			
10. TOTAL OF LINES 4 THROUGH 9	297,498.03	168,798.28	128,699.75
11. INTEREST WHOLLY TAX-EXEMPT (Line 4(c) above)			4,929.99
12. 85% OF DIVIDENDS ON LINE 5(a) ABOVE			7,853.68
13. 62.115% OF DIVIDENDS ON LINE 6(c) ABOVE			250.98
14. 85% OF DIVIDENDS ON LINE 7(c) AS LIMITED BY SECTION 245 (For computation, See Schedule _____)			
15. TOTAL OF LINES 12 THROUGH 14, BUT NOT TO EXCEED 85% OF TAXABLE INVESTMENT INCOME COMPUTED WITHOUT THIS DIVIDENDS RECEIVED DEDUCTION			8,104.66
16. SMALL BUSINESS DEDUCTION			25,000.00
17. TOTAL OF LINES 11, 15, AND 16			38,034.65
18. TAXABLE INVESTMENT INCOME (Line 10 less Line 17, but not less than zero)			90,665.10

* LINE 9 APPLICABLE ONLY TO YEARS BEGINNING AFTER DEC. 31, 1961

GPO 890-843

FORM 3350 Sheet 20 (REV. 8-64) Page _____

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(FEB. 1958) | COMPUTATION OF GAIN OR LOSS FROM OPERATIONS

NAME: Lincoln Life & Accident Insurance Co. | TAXABLE YEAR: 1959

INCOME	
1. COMPANY SHARE OF INVESTMENT YIELD (Line 17(c), Form 4390) SCHEDULE ____.	97,591.03
2. NET LONG TERM CAPITAL GAIN (Line 4, Form 4391) SCHEDULE ____.	
3. GROSS PREMIUMS LESS RETURN PREMIUMS (From Line 17, Sheet 21)	11,599,052.35
4. DECREASE IN SECTION 810(c) RESERVES, (Line 12, Form 4395) SCHEDULE ____.	
5. DECREASE IN SECTION 811 (b)(2) RESERVES (Line 11, Form 4399) SCHEDULE ____.	
6. OTHER AMOUNTS (Line ~~Disregarded~~) SCHEDULE 24(d), Sheet 9	539,972.00
7. TOTAL (Lines 1 through 6)	12,236,615.38
DEDUCTIONS	
8. DEATH BENEFITS (Same as RAR).	3,997,802.00
9. INCREASE IN SECTION 810(c) RESERVES (Line 10, Sheet 12)	2,067,572.74
10. CONSIDERATION PAID ON ASSUMPTION REINSURANCE	
11. INTEREST WHOLLY TAX-EXEMPT (Line 11(c), Form 4390) SCHEDULE ____.	3,738.33
12. INVESTMENT EXPENSES NOT DEDUCTED IN COMPUTING INVESTMENT YIELD (Line 8, Form 4382) SCHEDULE ____.	
13. SMALL BUSINESS DEDUCTION (not to exceed $25,000, limited for affiliated groups, 10% of line 23(d), Form 4560) SCHEDULE ____.	25,000.00
14. OTHER DEDUCTIONS (not deducted in computing investment yield) (~~Disregarded amounts~~) SCHEDULE ____. Lines 24, Col. (d), Sheet 9	4,574,532.11
15. TOTAL – (Lines 8 through 14)	10,668,645.18
DIVIDENDS RECEIVED DEDUCTION	
16. 85% OF DIVIDENDS ON LINE 12(c), FORM 4390, SCHEDULE ____. 5,955.32	
17. (115)% OF DIVIDENDS ON LINE 13(c), FORM 4390, SCHEDULE ____. 190.31	
18. 85% OF DIVIDENDS ON LINE 14(c), FORM 4390, SCHEDULE ____.	
19. 100% OF DIVIDENDS ON LINE 15, COL. (c), FORM 4390, SCHEDULE ____.	
20. TOTAL OF LINES 16 THROUGH 19 BUT NOT TO EXCEED 85% OF TAXABLE INCOME WITHOUT THIS DEDUCTION. (Limitation does not apply to amounts on Line 19 above.)	6,145.63
21. OPERATIONS LOSS DEDUCTION (Per return or Exhibit ____)	
22. TENTATIVE DEDUCTION (Line 15 plus lines 20 and 21)	10,674,790.81
23. SPECIAL DEDUCTIONS SECTION 809(d) (1), (5) AND (f) AS LIMITED (Line 21 Form 4600) SCHEDULE ____.	620,755.00
24. TOTAL DEDUCTIONS (Line 22 plus line 23)	11,295,545.81
25. GAIN (Loss) FROM OPERATIONS (difference between lines 7 and 24)	941,369.57

FORM 4401 (2-63)
PAGE ____

FORM 3350 Sheet 21 (Feb. 1962) TRANSLUCENT

U. S. TREASURY DEPARTMENT — INTERNAL REVENUE SERVICE

NET PREMIUMS
(GROSS PREMIUMS LESS RETURN PREMIUMS)

25 OF 66 PAGES

NAME: Lincoln Life & Accident Insurance Co. | YEAR: 59 | SCHEDULE: t

ITEM	PER RAR	INCREASE	DECREASE	CORRECTED
1. LIFE	3,936,888.00			3,936,888.00
2. GROUP LIFE	1,449,514.00			1,449,514.00
3. GROUP ANNUITY				
4. GROUP ACCIDENT & HEALTH	2,339,504.00			2,339,504.00
5. CASUALTY				
6. INDIVIDUAL A & H	2,994,683.00	5,997.35		3,000,680.35
7. Supplementary Contracts	889,283.00			889,283.00
8. Advance premiums	1,781.00			1,781.00
9. Unallocated premium	(18,598.00)			(18,598.00)
10.				
11.				
12.	-0-			
13.				
14.				
15.				
16.				
17. TOTAL	11,593,055.00	5,997.35		11,599,052.35

REMARKS

It is determined that the reduction of $5,997.35 to premium income due to the decrease in premiums due and unpaid on the Chicago business from $5,997.35 at beginning of year to zero at end of year is eliminated.

FORM 3350 Sheet 21 (2-62) TRANSLUCENT

FORM 3350 Sheet 9 (Feb. 1962) TRANSLUCENT

U. S. TREASURY DEPARTMENT – INTERNAL REVENUE SERVICE

INVESTMENT EXPENSES

PAGE 27 OF 66 PAGES

Standard Life & Accident Insurance Co.

YEAR 1959

SCHEDULE

INVESTMENT EXPENSES NOT ALLOWED IN COMPUTING INVESTMENT YIELD ☑ OTHER DEDUCTIONS NOT ALLOWED IN COMPUTING INVESTMENT YIELD

OTHER AMOUNTS INCOME NOT INCLUDED IN COMPUTING INVESTMENT YIELD, AND NOT INCLUDED AS PREMIUMS, OR IN DECREASE IN RESERVES.

ITEM	(a) PAR	(b) INCREASE	(c) DECREASE	(d) CORRECTED
Commissions	2,280,974.00	53,675.87		2,334,649.87
Travel and Auto Expense	393,404.00	15,619.00		409,023.00
Postage, Express Tel. & Telegraph	47,520.00			47,520.00
Depreciation	46,490.00	4,075.00		50,565.00
Books and Periodicals	4,787.00			4,787.00
Agents' Balances Charged Off	-0-	86,689.00		86,689.00
Agents' Bonuses	33,287.00	5,252.00		38,539.00
Sundry General & Investment Expenses	220.00	900.00		1,120.00
Maintenance and Repairs	17,772.00			17,772.00
Amortization	16,669.00		16,469.00	200.00
	-0-	331.24		331.24
* Increase in Loading	-0-			-0-
Total of Deductions	1,573,404.00	** 9,932.00		1,583,336.00

* The deduction of 301,252. claimed on return for increase in loading is not an allowable deduction.

* Real Estate Expenses

TOTAL	4,414,527.00	176,474.11	16,469.00	4,574,532.11

FORM 3350 Sheet 9 (2-62) TRANSLUCENT

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FORM 3350 SHEET 12 (Feb 1962) TRANSLUCENT

U. S. TREASURY DEPARTMENT – INTERNAL REVENUE SERVICE

SECTION 810(c) RESERVES

PAGE 30 OF 66 PAGES

NAME Standard Life and Accident Insurance Co. | YEAR 1959 | ☐ DECREASE (Section 810(a)) | ☑ INCREASE (Section 810(b)) | SCHEDULE

	(a) RESERVE AT BEGINNING OF TAXABLE YEAR	(b) RESERVE AT END OF TAXABLE YEAR	
1. SEE 810(C) (1) RESERVES (Same as return)	4,435,290.00	6,283,760.00	
2. SEE 810(C) (2) RESERVES (FROM LINE 14, SHEET 13)	1,027,997.09	1,163,402.83	
3. SEE 810(C) (3) RESERVES (Same as RAR)	-0-	25,653.00	
4. SEE 810(C) (4) RESERVES (Same as return)	422,318.00	651,015.00	
5. SEE 810(C) (5) RESERVES (Same as RAR)	206,712.00	235,966.00	
6-A. REDUCTION FOR INVESTMENT YIELD (FROM _____)			
6-B. REDUCTION FOR REQUIRED INTEREST (Line 6, Form 4390)		199,907.00	
7. BALANCE (Total of lines 1-5 adjusted by line 6-A or 6-B)	6,092,317.09	8,159,889.83	
8-A. INCREASE IN RESERVES – LINE 7 COL (b) – LINE 7 COL (a) BUT NOT LESS THAN ZERO (Increase only)			2,067,572.74
8-B. DECREASE IN RESERVES – LINE 7 COL (A) – LINE 7 COL (b) BUT NOT LESS THAN ZERO (Decrease only)			
9. ADD: INCREASE/DECREASE ATTRIBUTABLE TO SEC 810(D) (FROM _____)			
10. INCREASE/DECREASE IN RESERVES			2,067,572.74

REMARKS

FORM 4390 (FEB. 1968)

U.S. TREASURY DEPARTMENT - INTERNAL REVENUE SERVICE

POLICYHOLDERS SHARE OF INVESTMENT INCOME – COMPANY SHARE OF INVESTMENT YIELD

SCHEDULE

NAME: Standard Life + Accident Insurance Company

TAXABLE YEAR: 1959

PART I - POLICYHOLDERS SHARE OF INVESTMENT INCOME (Not Included in Computation of Gain or Loss from Operations)

	(a) RATE	(b) BEGINNING OF YEAR	(c) END OF YEAR	(d) MEAN	(e) REQUIRED INTEREST (Col. (d) times Col. (a))
1. SEC. 810(C)(1) LIFE RESERVES (Same as return)					173,983.00
2. SEC. 810(C)(1) PENSION PLAN RESERVES (Line 14(f), Form 4383) SCHEDULE ____.					
3. SEC. 810(C)(3) RESERVES (Same as RAR)	-0-	-0-	25,653.00	12,826.00	-0-
4. SEC. 810(C)(4) RESERVES (Same as return)	3 1/2	422,318.00	651,015.00	536,667.00	18,783.00
5. SEC. 810(C)(5) RESERVES (Same as RAR)	3 1/2	206,712.00	235,966.00	221,339.00	7,141.00
6. REQUIRED INTEREST (Total of lines 1 through 5)					199,907.00
7. INVESTMENT YIELD (Line 22 (d), Sheet 1 Schedule) SCHEDULE ____					297,498.03
8. POLICYHOLDERS SHARE (Line 6 divided by Line 7)					67.1961 %
9. COMPANY SHARE OF INVESTMENT YIELD (Line 10, Less line 8)					32.8039 %
10. TOTAL					100%

PART II - COMPANY SHARE OF INVESTMENT YIELD

	(a) TOTAL	(b) EXCLUSION (Col. (a) times Line 8)	(c) COMPANY SHARE (Col. (a) times Line 9)
11. INTEREST WHOLLY TAX-EXEMPT (Line 1(d), Sheet 1 Schedule) SCHEDULE ____.	11,396.00	7,657.67	3,732.33
12. DIVIDENDS FROM DOMESTIC CORPORATIONS (Line 6(d), Sheet 1 Schedule) SCHEDULE ____.	21,358.00	14,351.74	7,006.26
13. DIVIDENDS FROM CERTAIN PREFERRED STOCK OF PUBLIC UTILITIES (Line 7(d), Sheet 1 Schedule) SCHEDULE ____.	934.00	627.61	306.39
14. DIVIDENDS FROM CERTAIN FOREIGN CORPORATIONS (Line 8(d), Form 4360) SCHEDULE ____.			
15. QUALIFYING DIVIDENDS - AFFILIATED GROUPS (Line 9(d), Form 4360) SCHEDULE ____.			
16. OTHER ITEMS OF INVESTMENT YIELD (Line 22(d), Sheet 1 Schedule ____ less Lines 11 through 15)	263,810.03	177,269.78	86,540.25
17. TOTAL	297,498.03	199,907.00	97,591.03

FORM 4403 (FEB. 1958)

U. S. TREASURY DEPARTMENT – INTERNAL REVENUE SERVICE

LIFE INSURANCE COMPANY TAXABLE INCOME

SCHEDULE

NAME: Landcraft Life & Accident Insurance Co.

TAXABLE YEAR: 1959

1. TAXABLE INVESTMENT INCOME AS CORRECTED (Line 18, Sheet 20) SCHEDULE ____.	90,665.10
2. GAIN FROM OPERATIONS (Line 25, Form 4401, if a loss, enter zero) SCHEDULE ____.	941,369.57
3. THE SMALLER OF LINE (1) OR (2)	90,665.10
4. 50% OF THE EXCESS IF ANY OF LINE (2) OVER LINE (1)	425,352.24
5. AMOUNT SUBTRACTED FROM POLICYHOLDERS SURPLUS ACCOUNT (Line 16, Form 4402) SCHEDULE ____.	-0-
6. LIFE INSURANCE COMPANY TAXABLE INCOME (Total Lines 3, 4, and 5)	516,017.34

REMARKS

GPO : 1960 O - 559-376

FORM 4403 (2-60)

PAGE ____

FORM 3350 SHEET 17 (Feb 1962) TRANSLUCENT

U. S. TREASURY DEPARTMENT – INTERNAL REVENUE SERVICE

COMPUTATION OF INCOME TAX FOR YEAR 1959

SCHEDULE

NAME: Landcraft Life & Accident Insurance Co.

	*TAX RATE USED	
1. CORRECTED LIFE INSURANCE COMPANY TAXABLE INCOME (From line 6, Form 4403)		516,017.34
2. TAX ON AMOUNT IN LINE 1	52%-5,500	262,829.02
3. CAPITAL GAINS TAX: EXCESS OF LONG TERM CAPITAL GAIN OVER SHORT TERM CAPITAL LOSS	38,357.00	
4. TAX (25% x line 3)		9,589.25
5. INCREASE IN 1957 TAX PRIOR TO DEFERMENT (FROM)		-0-
6. TOTAL OF LINES 2, 4, AND 5		272,418.27
7. LESS – REDUCTION UNDER SEC. 802(a)(3) SHEET	-0-	
8. LESS – CREDIT FOR INCOME TAX PAID TO A FOREIGN COUNTRY OR U. S. POSSESSION (From exhibit)	-0-	-0-
9. CORRECTED INCOME TAX LIABILITY (Line 6 less line 8)		272,418.27
10. INCOME TAX LIABILITY PER RETURN OR AS PREVIOUSLY ADJUSTED		181,771.25
11. [X] STATUTORY DEFICIENCY [ ] OVERASSESSMENT (Difference between lines 9 and 10)		90,647.02
12. PENALTIES OR ADDITIONS TO TAX (If any)		4,532.35
13. DEFICIENCY TO BE ASSESSED (Aggregate of lines 11 and 12) (Computation of deficiency deferrable under 818(a)(3)) **		95,179.37

* LINE 1 IS NOT OVER $25,000-30%; OVER $25,000-52% REDUCED BY $5,500.– ADD 2% IN EACH INSTANCE IF A CONSOLIDATED RETURN

**COMPUTATION OF DEFICIENCY DEFERRABLE UNDER SECTION 818(a)(3)

14. INCREASE IN 1957 TAX PRIOR TO DEFERMENT AS CORRECTED (FROM LINE 6)	-0-
15. INCREASE IN 1957 TAX PRIOR TO DEFERMENT PER RETURN OR PRIOR RAR	-0-
16. DEFICIENCY PRIOR TO DEFERMENT (Payable in 10 installments beginning 3/15/60)	-0-

REMARKS Addition to Tax, Section 6653(a)

Income tax liability		$272,418.27
Income tax liability disclosed by return	$134,853.93	
Additional assessment	46,917.32	181,771.25
Deficiency		$ 90,647.02
5% negligence penalty (5% of $90,647.02 plus $46,917.32)		$ 6,878.22
Amount previously assessed		2,345.87
Additional penalty due		$ 4,532.35

GPO 1962 O-630534

FORM 3350 SHEET 17 (2-62) TRANSLUCENT

FORM 3350 Sheet 20 (REV. AUG. 1955)

TAXABLE INVESTMENT INCOME

NAME: Standard Life & Accident Insurance Company

YEAR: 1961

1. POLICYHOLDERS' SHARE OF INVESTMENT YIELD - (Schedule ____)			65.3233%
2. COMPANY'S SHARE OF INVESTMENT YIELD			34.6767%
3. TOTAL			100%
	TOTAL (a)	EXCLUSION LINE (1) X COL. (a) (b)	COMPANY'S SHARE LINE (2) X COL. (a) (c)
4. INTEREST WHOLLY TAX-EXEMPT (Line 1(d), Schedule ____)	8,429.00	5,506.10	2,922.90
5. DIVIDENDS RECEIVED FROM DOMESTIC CORPORATIONS (Line 6(d), Schedule ____)	4,129.00	2,697.20	1,431.80
6. DIVIDENDS FROM CERTAIN PREFERRED STOCK OF PUBLIC UTILITIES (Line 7(d), Schedule ____)	200.00	130.65	69.35
7. DIVIDENDS FROM CERTAIN FOREIGN CORPORATIONS (Line 8(d), Schedule ____)			
8. OTHER ITEMS OF INVESTMENT YIELD (Line 22(d), Schedule ____ less 4-7 above)	560,897.90	366,397.08	194,500.82
9. NET LONG-TERM CAPITAL GAIN (Line 16(c), Schedule ____)*			
10. TOTAL OF LINES 4 THROUGH 9	573,655.90	374,731.03	198,924.87
11. INTEREST WHOLLY TAX-EXEMPT (Line 4(c) above)			2,922.90
12. 85% OF DIVIDENDS ON LINE 5(c) ABOVE			1,217.03
13. 62.115% OF DIVIDENDS ON LINE 6(c) ABOVE			43.08
14. 85% OF DIVIDENDS ON LINE 7(c) AS LIMITED BY SECTION 245 (For computation, See Schedule ____)			
15. TOTAL OF LINES 12 THROUGH 14, BUT NOT TO EXCEED 85% OF TAXABLE INVESTMENT INCOME COMPUTED WITHOUT THIS DIVIDENDS RECEIVED DEDUCTION			1,260.11
16. SMALL BUSINESS DEDUCTION			25,000.00
17. TOTAL OF LINES 11, 15, AND 16			29,183.01
18. TAXABLE INVESTMENT INCOME (Line 10 less Line 17, but not less than zero)			169,741.86

*LINE 9 APPLICABLE ONLY TO YEARS BEGINNING AFTER DEC. 31, 1961

GPO 830-003

FORM 3350 Sheet 20 (REV. 8-54) Page ____

(FEB. 1968)

COMPUTATION OF GAIN OR LOSS FROM OPERATIONS

NAME: Standard Life & Accident Insurance Co.

TAXABLE YEAR: 1961

INCOME

1. COMPANY SHARE OF INVESTMENT YIELD (Line 17(c), Form 1120) SCHEDULE ____.	210,005.68
2. NET LONG TERM CAPITAL GAIN (Line 4, Form 4381) SCHEDULE ____.	
3. GROSS PREMIUMS LESS RETURN PREMIUMS (From Line 17, Sheet 21)	14,620,156.00
4. DECREASE IN SECTION 810(c) RESERVES, (Line 12, Form 4395) SCHEDULE ____.	
5. DECREASE IN SECTION 811 (b)(2) RESERVES (Line 11, Form 4399) SCHEDULE ____.	
6. OTHER AMOUNTS (Line 24(d) Sheet 9 SCHEDULE ____.	1,395,406.93
7. TOTAL (Lines 1 through 6)	16,225,568.61

DEDUCTIONS

8. DEATH BENEFITS (Same as MAR)	5,505,295.00
9. INCREASE IN SECTION 810(c) RESERVES (Line 10, Sheet 12)	3,022,172.77
10. CONSIDERATION PAID ON ASSUMPTION REINSURANCE	
11. INTEREST WHOLLY TAX-EXEMPT (Line 11(c), Form 4390) SCHEDULE ____.	3,085.71
12. INVESTMENT EXPENSES NOT DEDUCTED IN COMPUTING INVESTMENT YIELD (Line 8, Form 4382) SCHEDULE ____.	
13. SMALL BUSINESS DEDUCTION (not to exceed $25,000, limited for affiliated groups, 10% of line 23(d), Form 4380) SCHEDULE ____.	25,000.00
14. OTHER DEDUCTIONS (not deducted in computing investment yield) SCHEDULE ____. Line 24, Col. (d), Sheet 9	5,311,729.25
15. TOTAL - (Lines 8 through 14)	13,867,282.73

DIVIDENDS RECEIVED DEDUCTION

16. 85% OF DIVIDENDS ON LINE 12(c), FORM 4390, SCHEDULE ____.	1,284.83	
17. 62.115% OF DIVIDENDS ON LINE 13(c), FORM 4390, SCHEDULE ____.	45.48	
18. 85% OF DIVIDENDS ON LINE 14(c), FORM 4390, SCHEDULE ____.		
19. 100% OF DIVIDENDS ON LINE 15, COL.(c), FORM 4390, SCHEDULE ____.		
20. TOTAL OF LINES 16 THROUGH 19 BUT NOT TO EXCEED 85% OF TAXABLE INCOME WITHOUT THIS DEDUCTION. (Limitation does not apply to amounts on Line 19 above.)		1,330.31
21. OPERATIONS LOSS DEDUCTION (Per return or Exhibit ____) .		
22. TENTATIVE DEDUCTION (Line 15 plus lines 20 and 21)		13,868,613.04
23. SPECIAL DEDUCTIONS SECTION 809(d) (3), (5) AND (6) AS LIMITED (Line 21 Form 4400) SCHEDULE ____.		983,824.00
24. TOTAL DEDUCTIONS (Line 22 plus line 23)		14,852,437.04
25. GAIN (Loss) FROM OPERATIONS (difference between lines 7 and 24)		1,373,131.57

GPO : 1968 O - 288-374

FORM 4401 (2-68)

PAGE ____

(Feb. 1952) TRANSLUCENT

U. S. TREASURY DEPARTMENT – INTERNAL REVENUE SERVICE

NET PREMIUMS
(GROSS PREMIUMS LESS RETURN PREMIUMS)

PAGE 56 OF 66 PAGES

NAME: Standard Life & Accident Insurance Co.

YEAR: 1961

SCHEDULE

ITEM	PER RAR	INCREASE	DECREASE	CORRECTED
1. LIFE	4,886,687.00		521,058.00	4,365,629.00
2. GROUP LIFE	1,614,136.00			1,614,136.00
3. GROUP ANNUITY				
4. GROUP ACCIDENT & HEALTH	4,795,637.00			4,795,637.00
5. (JALTY				
6. INDIVIDUAL A & H	3,487,677.00		748,272.00	2,739,405.00
7. Supplementary Contracts	1,108,292.00			1,108,292.00
8. Advance premiums	7,173.00			7,173.00
9. Deallocated premiums	(10,116.00)			(10,116.00)
10.				
11.				
12.				
13. (				
14.				
15.				
16.				
17. (TOTAL	15,889,486.00		1,269,330.00	14,620,156.00

REMARKS

FORM 3350 Sheet 9 (Feb. 1952) TRANSLUCENT

U. S. TREASURY DEPARTMENT – INTERNAL REVENUE SERVICE

INVESTMENT EXPENSES

PAGE 58 OF 66 PAGES

NAME: Standard Life & Accident Insurance Co.

YEAR: 1961

SCHEDULE

INVESTMENT EXPENSES NOT ALLOWED IN COMPUTING INVESTMENT YIELD ☑ OTHER DEDUCTIONS NOT ALLOWED IN COMPUTING INVESTMENT YIELD

OTHER AMOUNTS INCOME NOT INCLUDED IN COMPUTING INVESTMENT YIELD, AND NOT INCLUDED AS PREMIUMS, OR IN DECREASE IN RESERVES.

ITEM	(a) RAR	(b) INCREASE	(c) DECREASE	(d) CORRECTED
1. Commissions	2,449,433.00	327,860.01		2,777,293.01
2. Amortization	21,921.00		21,621.00	300.00
3. (	-0-	331.24		331.24
4. Interest	37,908.00	18,750.00		56,658.00
5. Salaries & wages	915,750.00			915,750.00
6. Other employee welfare	27,285.00			27,285.00
7. (Agent Welfare	47,228.00	13,910.00		61,138.00
8. Legal fees and Expenses	4,142.00			4,142.00
9. Travel	355,332.00	26,470.00		381,802.00
10. Postage, Telephone and Telegraph	54,877.00			54,877.00
11. (inting and tationery	74,675.00			74,675.00
12. Depreciation	61,858.00	2,673.00		64,531.00
13. Books and Periodicals	9,904.00			9,904.00
14. Miscellaneous Local	7,717.00			7,717.00
15. Agency Expense Allowances	-0-	86,885.00		86,885.00
16. Agents Balances Charged Off	-0-	59,001.00		59,001.00
17. Increase in Loading	* -0-			-0-
18.				
19. Balance of Deductions	729,440.00			729,440.00
20.				
21. The deductions of $72,139 claimed on return				
22. for increase in loading is not an				
23. allowable deduction.				
24. TOTAL	4,797,470.00	535,880.25	21,621.00	5,311,729.25

FORM 4390 (FED. 1963)

U.S. TREASURY DEPARTMENT - INTERNAL REVENUE SERVICE

POLICYHOLDERS SHARE OF INVESTMENT INCOME – COMPANY SHARE OF INVESTMENT YIELD

SCHEDULE

NAME: Standard Life + Accident Insurance Company

TAXABLE YEAR: 1961

PART I - POLICYHOLDERS SHARE OF INVESTMENT INCOME (Not Included in Computation of Gain or Loss from Operations)

	(a) RATE	(b) BEGINNING OF YEAR	(c) END OF YEAR	(d) MEAN	(e) REQUIRED INTEREST (Col. (d) times Col. (a))
1. SEC. 810(C)(1) LIFE RESERVES (Line 14(f), Sheet 3) SCHEDULE _____.					315,495.22
2. SEC. 810(C)(1) PENSION PLAN RESERVES (Line 14(f), Form 4333) SCHEDULE _____.					
3. SEC. 810(C)(3) RESERVES (Same as RAR)	-0-	10,300.00	20,609.00	15,454.00	-0-
4. SEC. 810(C)(4) RESERVES (Same as return)	3½	918,675.00	1,280,451.00	1,099,563.00	38,485.00
5. SEC. 810(C)(5) RESERVES (Same as RAR)		282,938.00	332,723.00	307,830.00	9,670.00
6. REQUIRED INTEREST (Total of lines 1 through 5)					363,650.22
7. INVESTMENT YIELD (Line 22(d), Sheet 1) SCHEDULE _____.					573,655.90
8. POLICYHOLDERS SHARE (Line 6 divided by Line 7)					63.3917 %
9. COMPANY SHARE OF INVESTMENT YIELD (Line 10, Less line 8)					36.6083 %
10. TOTAL					100%

PART II - COMPANY SHARE OF INVESTMENT YIELD

	(a) TOTAL	(b) EXCLUSION (Col. (a) times Line 8)	(c) COMPANY SHARE (Col. (a) times Line 9)
11. INTEREST WHOLLY TAX-EXEMPT (Line 1(d), Sheet 1) SCHEDULE _____.	8,429.00	5,343.29	3,085.71
12. DIVIDENDS FROM DOMESTIC CORPORATIONS (Line 6(d), Sheet 1) SCHEDULE _____.	4,129.00	2,617.44	1,511.56
13. DIVIDENDS FROM CERTAIN PREFERRED STOCK OF PUBLIC UTILITIES (Line 7(d), Sheet 1) SCHEDULE _____.	200.00	126.78	73.22
14. DIVIDENDS FROM CERTAIN FOREIGN CORPORATIONS (Line 8(d), Form 4330) SCHEDULE _____.			
15. QUALIFYING DIVIDENDS - AFFILIATED GROUPS (Line 9(d), Form 4380) SCHEDULE _____.			
16. OTHER ITEMS OF INVESTMENT YIELD (Line 22(d), Sheet 1, Schedule _____ less Lines 11 through 15)	560,897.90	355,562.71	205,335.19
17. TOTAL	573,655.90	363,650.22	210,005.68

-4-

FORM 4403 (FEB. 1959)	U. S. TREASURY DEPARTMENT – INTERNAL REVENUE SERVICE LIFE INSURANCE COMPANY TAXABLE INCOME	SCHEDULE
NAME Standard Life & Accident Insurance Co.		TAXABLE YEAR 1961
1. TAXABLE INVESTMENT INCOME AS CORRECTED (Line 18, Sheet 20) SCHEDULE ____		169,741.86
2. GAIN FROM OPERATIONS (Line 25, Form 4401, If a loss, enter zero) SCHEDULE ____		1,373,131.57
3. THE SMALLER OF LINE (1) OR (2)		169,741.86
4. 50% OF THE EXCESS IF ANY OF LINE (2) OVER LINE (1)		601,694.86
5. AMOUNT SUBTRACTED FROM POLICYHOLDERS SURPLUS ACCOUNT (Line 16, Form 4402) SCHEDULE ____		-0-
6. LIFE INSURANCE COMPANY TAXABLE INCOME (Total Lines 3, 4, and 5)		771,436.72

REMARKS

FORM 3350 Sheet 22 (Feb. 1962) TRANSLUCENT	U. S. TREASURY DEPARTMENT – INTERNAL REVENUE SERVICE COMPUTATION OF INCOME TAX FOR TAXABLE YEARS AFTER 1960	66 OF 66 PAGES
NAME Standard Life & Accident Insurance Co.	YEAR 1961	SCHEDULE
1. CORRECTED LIFE INSURANCE COMPANY TAXABLE INCOME (From Line 6, Form 4403)		771,436.72
2. TAX ON AMOUNT IN LINE 1	TAX RATE USED 52% – 5,500	395,647.09
3. EXCESS OF LONG TERM CAPITAL GAIN OVER CAPITAL LOSS (From Sheet 27)		
4. (25% of amount on line 3(a))		
5. TOTAL OF LINES 2 AND 4		395,647.09
6. LESS CREDIT FOR INCOME TAX PAID TO A FOREIGN COUNTRY OR U. S. POSSESSION (Form ____, Exhibit ____)		
7. CORRECTED INCOME TAX LIABILITY (Line 5 less line 6)		395,647.09
8. INCOME TAX LIABILITY PER RETURN OR AS PREVIOUSLY ADJUSTED		360,661.05
9. ☑ STATUTORY DEFICIENCY ☐ OVERASSESSMENT (Difference between line 7 and 8)		34,986.04
10. PENALTIES OR ADDITION TO TAX (If any)		

REMARKS

Addition to Tax, Section 6653(a)

Income tax liability		$395,647.09
Income tax liability disclosed by return	$ -0-	
Additional assessment	360,661.05	360,661.05
Deficiency		$ 34,986.04
5% negligence penalty (5% of $34,986.04 plus $360,661.05)		$ 19,782.35
Amount previously assessed		18,033 05
Additional penalty due		$ 1,749.30

FORM 3350 SHEET 19 (Feb 1962) TRANSLUCENT

U. S. TREASURY DEPARTMENT – INTERNAL REVENUE SERVICE

ASSETS

PAGE 1 OF 11 PAGES

NAME Standard Life & Accident Ins. Co. YEAR 1959 Exhibit A

	BEGINNING OF TAXABLE YEAR				END OF YEAR				
	(a) PER RETURN	ADJUSTMENTS (b) INCREASE	ADJUSTMENTS (c) DECREASE	(d) CORRECTED	(e) PER RETURN	ADJUSTMENT (f) INCREASE	ADJUSTMENT (g) DECREASE	(h) CORRECTED	(i) MEAN OF COL (D) AND COL (H)
1. REAL ESTATE	213,761			213,761	547,394		(d) 205,396	341,998	277,880
MORTGAGES 2-A. WITHOUT SERVICE FEES	919,616			919,616	1,389,945			1389,945	1,154,781
WITH SERVICE FEES	1,675,943			1,675,943	2,407,699			2,407,699	2,041,871
3. COLLATERAL LOANS									
4. POLICY LOANS (Incl. Premium notes)	79,083			79,083	121,104			121,104	100,093
5. CORPORATE BONDS	351,414			351,414	543,988			543,988	447,701
6. STOCKS	665,937	(a) 11,069		677,006	1,037,786	(e)	114,700	917,586	797,296
7. GOV'T OBLIGATIONS	305,374			305,374	367,776	f 6,758		374,034	339,704
8. BANK DEPOSITS	1,608,980			1,608,980	1,574,608			1,574,608	1,566,794
OTHER ASSETS 9. Accrued Investment Income	20,088			20,088	30,971			70971	75,529
10. Cash Due & Deferred	9,332	(b)		9,332	14,863			14,863	12,097
11. Agents' Balances		116,758		116,708		g 170,945		170,945	143,827
12. Deferred Premiums		(c) 739,760		739,460		(h) 1,100,654		1,100654	920,057
13.									
14.									
15.									
16.									
TOTAL	5,849,528	867,737		6,716,765	7,982,634	1,277,557	320,096	8,938,395	7,877,580

FORM 886-A (REV. MAY 1950) TRANSLUCENT	U.S. TREASURY DEPARTMENT - INTERNAL REVENUE SERVICE EXPLANATION OF ITEMS	EXHIBIT A
NAME OF TAXPAYER Standard Life & Accident Ins. Co.		YEAR ENDED/PERIOD 12-31-58

(a)	Stocks, 1-1-58	$ 11,069.00
	To adjust the fair market value of stocks as used on the tax return, to the value as shown on the Annual Statement.	
(b)	Agents Balances, 1-1-58	$ 116,708.00 ✓
	To include agents balances in assets used in the computation of tax liability, under Code Section 805(b)(4).	
(c)	Deferred Premiums, 1-1-58	$ 739,460.00 ✓
	To include deferred premiums in assets used in the computation of tax liability, under Code Section 805(b)(4).	
(d)	Real Estate, 12-31-58	($ 205,396.00)
	To adjust the fair market value of real estate asof 12-31-58, as used on the tax return for computation of tax, to the fair market value reported on the annual statement asof 12-31-58, and to question the appraised value of real property located in Section 34, Pima County, Arizona.	
(e)	Stocks, 12-31-58	($ 114,700.00)
	To adjust the fair market value of stocks asof 12-31-58, as used on the tax return for purposes of computation of tax, to the fair market value reported on the annual statement.	
(f)	Government Obligations, 12-31-58	$ 6,258.00
	To adjust the asset government obligations as shown on the return for 12-31-58, to agree with the amount reported on the annual statement.	
(g)	Agents Balances, 12-31-58	$ 170,945.00 ✓
	To include agents balances in assets used for tax computation, under Code Sec. 805(b)(4).	
(h)	Deferred Premiums, 12-31-58	$ 1,100,654.00 ✓
	To include deferred premiums in assets used for tax computation under Code Sec. 805(b)(4).	

To litigate: ✓

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(Feb 1952)
TRANSLUCENT

U. S. TREASURY DEPARTMENT – INTERNAL REVENUE SERVICE

ASSETS

PAGE 3 OF 11 PAGES

NAME Standard Life Insurance Co.

YEAR 1959

Exhibit A

	BEGINNING OF TAXABLE YEAR				END OF YEAR				
	(a) PER RETURN	ADJUSTMENTS (b) INCREASE	ADJUSTMENTS (c) DECREASE	(d) CORRECTED	(e) PER RETURN	ADJUSTMENT (f) INCREASE	ADJUSTMENT (g) DECREASE	(h) CORRECTED	(i) MEAN OF COL (D) AND COL (H)
1. REAL ESTATE	547,394		(a) 205,396	341,998	479,994	(h) 95,000		574.994	433,496
MORTGAGES 2-A. WITHOUT SERVICE FEES	1389.945			1,389,945	1,967,600			1,967,600	1,678,272
2. WITH SERVICE FEES	2,407,677			2,402,699	2,973,679			2,973.679	2,690689
3. COLLATERAL LOANS									
4. POLICY LOANS (Incl. Premium notes)	171,104			171,104	176,384			176384	148,744
5. CORPORATE BONDS	543,988			543,988	734,761			734,761	639,124
6. STOCKS	1,037,986		(b) 14,750	917,586	2,409,671			2,408671	1,663,128
7. GOV'T OBLIGATIONS	369,776	(c) 6,758		376,034	35,117	(g) 1,187		36,304	205,169
8. BANK DEPOSITS	1,524,608			1,524,608	1,588,507			1.588.507	1,556,557
OTHER ASSETS 9. Agency Investment Income	30,971			30,971	51.536			57 536	41,253
10. Real Est. Inv. Income	14863			14.863	20,082			20,082	17,477
11. Agents Ledger		(d) 170,945		170.945		(i) 215,306		215,306	193,125
12. Deferred Premiums	799,988	(e) 307,666		1,100,654	959,389	(j) 608,916		1,568,305	1,334479
13. Misc. Employees						(k) 15,634		15,634	9,317
14.									
15.									
16.									
TOTAL	8,773622	484869	320096	8,938395	11340220	939043		12,277263	10,608,830

FORM 886-A (REV. MAY 1950) TRANSLUCENT	U. S. TREASURY DEPARTMENT - INTERNAL REVENUE SERVICE EXPLANATION OF ITEMS	EXHIBIT A
NAME OF TAXPAYER Standard Life & Accident Ins. Co.		YEAR ENDED/PERIOD 1959

(a)	Real Estate, 12-31-58	($ 205,396.00)
	To reduce real estate as shown on the tax return to the amount reflected on the annual statement.	
(b)	Stocks, 12-31-58	($ 114,700.00)
	To reduce the fair market value of stocks as shown on the return to the value shown on the annual statement.	
(c)	Government Obligations, 12-31-58	$ 6,258.00
	To increase the value of government obligations to the value shown on the annual statement.	
(d)	Agents Balances, 12-31-58	$ 170,945.00 ✓
	To include agents balances in assets used in the computation of tax liability, under Code Sec. 805(b)(4).	
(e)	Deferred Premiums, 12-31-58	$ 307,666.00 ✓
	To adjust deferred premiums to the gross amount reflected on the annual statement.	
(f)	Real Estate, 12-31-59	$ 95,000.00
	To increase the fair market value of real estate on the return to the amount reflected on the annual statement.	
(f)	Government Obligations 12-31-59	$ 1,187.00
	To increase the value of government obligations to the amount reflected on the annual statement.	
(h)	Agents Balances 12-31-59	$ 215,306.00 ✓
	To include agents balances in assets used for computation of tax liability, under Code Sec. 805(b)(4).	
(i)	Deferred Premiums 12-31-59	$ 608,916.00 ✓
	To increase the deferred premiums to the gross amount reflected on the annual statement.	
(j)	Miscellaneous Suspense 12-31-59	$ 18,634.00
	To include miscellaneous suspense items in assets used for computation of tax, under Code Sec. 805(b)(4).	

FORM 3350 SHEET 19 (Feb 1962) TRANSLUCENT

U. S. TREASURY DEPARTMENT – INTERNAL REVENUE SERVICE

ASSETS

PAGE 5 OF 11 PAGES

NAME Standard Life & Accident Ins. Co.

YEAR 1960

Exhibit A

	BEGINNING OF TAXABLE YEAR				END OF YEAR				
	(a) PER RETURN	ADJUSTMENTS (b) INCREASE	ADJUSTMENTS (c) DECREASE	(d) CORRECTED	(e) PER RETURN	ADJUSTMENT (f) INCREASE	ADJUSTMENT (g) DECREASE	(h) CORRECTED	(i) MEAN OF COL (D) AND COL (H)
1. REAL ESTATE	429,994	(a) 95,000		524,994	771,577		(f) 50,000	721,577	623,285
MORTGAGES 2-A. WITHOUT SERVICE FEES	1,962,600			1,962,600	4,287,346			4,287,346	3,124,973
WITH SERVICE FEES	2,973,679			2,973,679	2,486,922			2,486,922	2,730,300
3. COLLATERAL LOANS					185,681			185,681	92,840
4. POLICY LOANS (Incl. Premium notes)	176,384			176,384	364,386			364,386	270,385
5. CORPORATE BONDS	734,761			734,761	880,049			880,049	807,155
6. STOCKS	2,408,671			2,408,671	2,484,944			2,484,944	2,446,807
7. GOV'T OBLIGATIONS	35,117	(b) 1,187		36,304	530,711	(g) 2,140		532,851	284,580
8. BANK DEPOSITS	1,588,507			1,588,507	1,383,771			1,383,771	1,486,139
OTHER ASSETS 9. Accrued Investment Income	51,536			51,536	90,443			90,443	70,989
10. Cash Value Annuities	20,082			20,082					10,041
11. Agents Balances		(c) 215,306		215,306		(h) 379,381		379,381	297,343
12. Deferred Premiums	959,784	(d) 608,916		1,568,705	1,334,300	(i) 468,544		1,802,844	1,685,774
13. Misc. Suspenses		(e) 18,634		18,634					9,316
14.									
15.									
16.									
TOTAL	11,340,220	939,043		12,279,263	14,755,136	800,065	50,000	15,505,201	13,892,227

FORM 886-A (REV. MAY 1959) TRANSLUCENT

TREASURY DEPARTMENT - INTERNAL REVENUE SERVICE

EXPLANATION OF ITEMS

EXHIBIT

NAME OF TAXPAYER: Standard Life & Accident Ins. Co.

YEAR ENDED/PERIOD: 1960

(a)	Real Estate, 12-31-59	$ 95,000.00
	To increase the fair market value of real estate on the return to the amount reflected on the annual statement.	
(b)	Government Obligations, 12-31-59	$ 1,187.00
	To increase the value of government obligations to the amount reflected on the annual statement.	
(c)	Agents Balances, 12-31-59	$215,306.00 ✓
	To include agents balances in the assets used for computation of tax liability, under Code Sec. 805(b)(4).	
(d)	Deferred Premiums, 12-31-59	$608,916.00 ✓
	To increase the deferred premiums to the gross amount reflected on the annual statement.	
(e)	Miscellaneous Suspense, 12-31-59	$ 18,634.00
	To include miscellaneous suspense items in assets used for computation of tax, under Code Sec. 805(b)(4).	
(f)	Real Estate, 12-31-60	($ 50,000.00)
	Investment real estate is shown on the annual statement with a fair market value of $647,314.00. This amount has been adjusted to add the encumbrance shown on the W½, SE¼, Sec. 33 of $75,000.00, and to add the encumbrance shown on 224 - 226 N.W. 11th St., Okla. City of $44,263.01, because the fair market values shown apparently do not include these amounts, and since the taxpayer is willing to pay these additional amounts, the property is apparently worth the additional amounts. Further adjustment has been made to eliminate the fair market value shown on 1000 S. McKinley, Okla. City, because the taxpayer is not using this property as an investment asset, but rather this item appears to be a hidden dividend to the principal owner of the taxpayer, used to finance and operate a separate company, the Dan Cu Chemical Co.. The adjusted fair market value of investment real estate per the annual statement is $721,577.01, resulting in a decrease from the amount shown on the tax return of $50,000.	

U.S. GOVERNMENT PRINTING OFFICE : 1962 O - 630277

FORM 886-A (REV. 8-60) TRANSLUCENT

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TRANSLUCENT

EXPLANATION OF ITEMS

NAME OF TAXPAYER: Standard Life & Accident Ins. Co.

YEAR ENDED/PERIOD: 1960

(g)	Government Obligations, 12-31-60	$ 2,140.00
	To increase the value of government obligations to the amount reflected on the annual statement.	
(h)	Agents Balances, 12-31-60	$ 329,381.00 ✓
	To include Agents Balances, in the assets used for computation of tax liability, Under Code Sec. 805(b)(4).	
(i)	Deferred Premiums, 12-31-60	$ 468,544.00 ✓
	To increase deferred premiums to the gross amount reflected on the annual statement.	

U.S. GOVERNMENT PRINTING OFFICE : 1962 O - 630277

FORM 886-A (REV. 8-60) TRANSLUCENT

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FORM 3350 SHEET 19 (Feb 1962) TRANSLUCENT

U. S. TREASURY DEPARTMENT – INTERNAL REVENUE SERVICE

ASSETS

PAGE 8 OF 11 PAGES

NAME Standard Life & Accident Ins Co

YEAR 1961

Exhibit A

	BEGINNING OF TAXABLE YEAR				END OF YEAR				(i)
	(a) PER RETURN	ADJUSTMENTS (b) INCREASE	ADJUSTMENTS (c) DECREASE	(d) CORRECTED	(e) PER RETURN	ADJUSTMENT (f) INCREASE	ADJUSTMENT (g) DECREASE	(h) CORRECTED	MEAN OF COL (D) AND COL (H)
REAL ESTATE	771,577		(a) 50,000	721,577	1,055,994		(e) 205,000	850,994	786,285
MORTGAGES									
A. WITHOUT SERVICE FEES	4,782,346			4,782,346	6,259,341			6,259,341	5,520,844
WITH SERVICE FEES	2,486,922			2,486,922	3,983,993			3,983,993	3,235,458
COLLATERAL LOANS	185,681			185,681	298,268			298,268	241,974
POLICY LOANS (Incl. Premium notes)	364,386			364,386	563,756			563,756	464,071
CORPORATE BONDS	880,049			880,049	1,110,840			1,110,840	995,445
STOCKS	2,444,944			2,444,944	4,598,938			4,598,438	3,521,691
GOV'T OBLIGATIONS	530,717	(b) 2,140		532,857	9,095	(f) 2,356		11,451	272,154
BANK DEPOSITS	1,783,771			1,383,771	1,315,838			1,315,838	1,349,804
9. Accrued investment income	90,443			90,443	143,828			143,828	117,135
10. Agents Balances		(c) 379,381		379,381		(g) 409,003		409,003	394,192
11. Deferred & Uncollected Premiums	1,101,649	(d) 468,544		1,570,193	1,553,137	(h) 19,626		1,572,763	1,571,478
12. Loans to Purchase Stock						(i) 195,000		195,000	97,500
13. Due and Unpaid Premiums	232,651			232,651	980,241		(j) 748,272	231,969	232,310
14.									
15.									
16.									
TOTAL	14,755,136	850,065	50,000	15,505,201	21,871,769	625,985	953,272	21,545,482	18,525,341

FORM 3350 SHEET 19 (2-62) TRANSLUCENT

(REV. MAY 1960) TRANSLUCENT

DEPARTMENT OF THE TREASURY - INTERNAL REVENUE SERVICE

NAME OF TAXPAYER	EXHIBIT
Standard Life and Accident Insurance Co.	YEAR ENDED/PERIOD 1961

EXPLANATION OF ITEMS

) Real Estate, 12-31-60 ($ 50,000.00)

Investment real estate is shown on the annual statement with a fair market value of $647,314.00. This amount has been adjusted to add the encumbrance shown on the W½, SE¼, Sec. 33 in the amount of $75,000.00 and to add the encumbrance shown on 224,226 N. W. 14th St. Oklahoma City, in the ajount of $44,263.01 because the fair market values shown apparently do not include these amounts, and since the taxpayer is willing to pay these additional amounts, the property is apparently worth the additional amounts. Further, adjustment has been made to eliminate the fair market value of $45,000.00 shown on 1000 S. McKinley, Oklahoma City because the taxpayer is not using property as an investment asset, but rather this item was used by the principal owner of the taxpayer, to finance and operate a separate company, the Dan Cu Chemical Company. The adjusted fair market value of investment real estate per the annual statement is $721,577.01, whereas the amount show n on the return is $771,577, resulting in a decrease of $50,000.00.

(Government Obligations, 12-31-60 $ 2,140.00

To increase the value of government obligations shown on the return to the amortized value as shown on the annual statement.

) Agents Balances, 12-31-60 $ 329,381.00 ✓

To include agents balances in the assets used for computation of tax liability under Code section 803(b)(4).

) Deferred Premiums, 12-31-60 $ 468,544.00 ✓

To increase the deferred premiums to the gross amount indicated on the annual statement.

(REV. MAY 1960) TRANSLUCENT

NAME OF TAXPAYER	EXHIBIT
ndard Life & Accident Insurance Company	YEAR ENDED/PERIOD 1961

EXPLANATION OF ITEMS

) Real Estate, 12-31-61 ($205,000)

Investment real estate is shown on the annual statement with a fair market value of $855,054.52. This amount has been increased for encumbrances on the W½, SE¼, Sec. 33, in the amount of $50,000 and for encumbrances on 224-26, N.W. 14th Street, Oklahoma City, in the amount of $41,139.70 and for encumbrances on Lots 1 & 2, & E½, NW¼, Sec. 31 in the amount of $84,800 and has been reduced to eliminate he fair market value of $180,000 shown for 1000 South McKinley, klahoma City, because rather than investment real estate, this item was used by the taxpayer's principal owner to finance and operate a separate company, the Dan Cu Chemical Company. The corrected fair market value of investment real estate, based on the annual statement s $850,994.22, whereas the amount on the return is $1,055.994, resulting in a decrease in the amount of $205,000.

Government Obligations, 12-31-61 $ 2,356

To increase the value of government obligations shown on the return to the amortized value as shown on the annual statement.

Agents Balances, 12-31-61 $409,003 ✓

Agents balances as reflected on Exhibit 13, page 14, of the 1961 annual statement is $359,003.24. Investigation indicates that the taxpayer's principal owner borrowed $50,000 on 12-11-61, which was deposited to an account in the name of Owen Townsend, from which checks were issued to the taxpayer to purchase the accounts of eleven agents. The taxpayer stated that this was done for window dressing purposes. Agents balances as shown on the annual statement have been increased to include the $50,000 in question, and the corrected agents debit balances of $409,003 have been included in the assets used to compute tax liability under Code section 805(b)(4).

Deferred and Uncollected Premiums, 12-31-61 $19,626 ✓

Increased to include loading $540,684 ✓

Decreased to exclude premiums on the Chicago business 521,058

Net increase $ 19,626

BEST COPY AVAILABLE

FORM 886-A (REV. MAY 1960) TRANSLUCENT

TREASURY DEPARTMENT - INTERNAL REVENUE SERVICE

EXPLANATION OF ITEMS

EXHIBIT

NAME OF TAXPAYER: Standard Life & Accident Ins. Co.

YEAR ENDED/PERIOD: 1961

(i) Option to Purchase Stock $ 195,000.00

On 10-16-61, the taxpayer's principal owner borrowed $195,000. from the bank and used it to purchase an option to purchase stock of Insurers Business Corporation. This transaction was not reflected on the records furnished for examination. This adjustment is to include this item in assets used in the computation of tax liability, under Code Sec. 805(b)(4).

(j) Due and Unpaid Premiums, 12-31-61 ($748,272.00)

Decrease to exclude premiums on the Chicago business

SUPREME COURT OF THE UNITED STATES

No. 75-1771

COMMISSIONER OF INTERNAL REVENUE, PETITIONER

v.

STANDARD LIFE & ACCIDENT INSURANCE COMPANY

ORDER ALLOWING CERTIORARI—Filed October 4, 1976

The petition herein for a writ of certiorari to the United States Court of Appeals for the Tenth Circuit is granted.

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